Budget 2015 2016

Crown Corporation Business Plans

NOVA SCOTIA

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Crown Corporation Business Plans

Crown corporation business plans are printed under authority of Section 73 of the Provincial Finance Act:

73 Commencing April 1, 1997, a Crown corporation shall annually

(a) submit to the House of Assembly for approval during consideration of the Estimates its business plan and any proposed public financing; and

(b) table in the House of Assembly audited financial statements for the preceding fiscal year

The public presentation, annually, of Crown corporation business plans will increase the accountability to the House of Assembly of organizations generally accepted to be in the public sector but outside the direct control of government. Business plans define key elements of Crown corporations such as their mission, strategic goals, and core functions as well as give indication of performance, priorities, outcome measures, and budgets.

Organizations included in this volume are designated as Crown corporations by their enabling legislation, by Order in Council, or by application of the criteria established under Section 70 (Crown Corporations) of the Provincial Finance Act.

The approval of business plans as required by clause (a) will be sought through the Estimates Resolutions. Compliance with clause (b) will be achieved throughout the fiscal year as audited financial statements become available.

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Art Gallery of Nova Scotia
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Message from the Chair

On behalf of the board of governors of the Art Gallery of Nova Scotia, I am pleased to present the gallery's business plan for the 2015–2016 fiscal year. The gallery is Atlantic Canada's largest art museum, an anchor of cultural tourism in the province and the region.

This business plan reflects the gallery's continued emphasis on engaging people with art, as reflected in the 2012 strategic plan. Managing our finances responsibly, strategically collecting and caring for art work, and exhibiting Nova Scotia's excellent artists – as well as those from other parts of the world – are the guiding principles for the coming year.

Our cultural heritage is a big part of what makes Nova Scotia unique. Though the heritage we share is immense and diverse, it is also distinctive, personal, and local. We have much to be proud of, much to share with each other, and much to delight, inspire, and provoke the rest of the world, and we do so with great pride.

The board of governors is proud of the accomplishments of the Art Gallery of Nova Scotia and anticipates a successful year ahead.

Sincerely,

Robbie Shaw
Chair, Art Gallery of Nova Scotia Board of Governors

Mission

To engage people in an enhanced experience with art, through its professional collection, preservation, exhibition, and interpretation.

Our mission statement reflects our commitment to our audiences, to our collections, and to the standards of our profession. Engagement is at the core of this mission and at the core of our values as an institution.

Mandate

The Art Gallery of Nova Scotia (AGNS) is an agency of the Province of Nova Scotia constituted under The Art Gallery of Nova Scotia Act for the acquisition, preservation, and exhibition of works of art.

Vision

- The Art Gallery of Nova Scotia is a pre-eminent art museum with exceptional collections, exhibitions, education, and public programming.
- We are a hub of artistic and cultural energy and an inspiring resource for Nova Scotia and the world.
- With innovative approaches to engaging people, the Art Gallery of Nova Scotia is a gathering place to provide direct encounters with extraordinary works of art.

Introduction

The Province of Nova Scotia has identified four strategic goals for its mandate.

- **Fiscal** – Balance budget during mandate and achieve sustainable government.
- **Economy** – Create climate for private sector and social enterprise economic growth to support oneNS economic goals.
- **Education** – Increase workforce participation and entrepreneurship by improving early childhood and P–12 education systems and by continually improving opportunities for skills development and knowledge through post-secondary education, training, and apprenticeship.
- **Demographics** – Increase net interprovincial in-migration and international immigration levels: enhance wellness and health initiatives; enhance workforce participation of youth, older workers, and marginalized communities; and enhance communities and social well-being.

The following is a connection between the AGNS's priorities and the Province of Nova Scotia's goals.

Fiscal –The AGNS is committed to developing strong support for its mandate among current and potential donors and sponsors to help ensure that the gallery can achieve its goals within its fiscal resources.

Economy – The cultural sector's significant contributions, direct and indirect, to the economy and to job creation are well recognized. As competition increases in the global economy, new and relocating businesses seek communities offering amenities for their employees, including

cultural facilities and cultural events. The availability of these cultural amenities depends on adequate infrastructure, strong cultural organizations, and prosperous cultural industries.

Statistics Canada's Culture Satellite Account (CSA) is an accounting framework that measures how culture, the arts, and heritage contribute to Canada's GDP and to jobs. The CSA 2010 has shown that culture plays a significant role in the Canadian economy, in terms of output, GDP and jobs. The culture industry contributed more to the Canadian economy than industries such as accommodation, utilities and agriculture, forestry, fishing, and hunting.

Education – The importance of arts education is in its potential to enrich the lives of students by providing a channel for their creative expression, developing their artistic sense, opening their minds to the full range of human experience, and helping them to see and feel the beauty inherent in shape, colour, harmony, and movement. The AGNS will continue to engage with provincial education bodies to develop educational resources to deliver targeted programs for students and teachers, such as ArtSmart, Art Reach, and school tours.

Demographics – A vibrant creative economy relies on skilled cultural workers to create new ideas, enterprises and industries. It also helps attract new immigrants and helps retain our present citizens. As the largest art museum in Atlantic Canada, AGNS is an anchor organization for the *creative economy*.

In addition, the AGNS offers a host of public programs geared at improving the health and wellness of Nova Scotians, such as Autism Arts, Artful Afternoons (Arthritis), and Phoenix Youth programs.

Planning Context

The gallery is overseen by a board of governors appointed by Executive Council and made up of volunteers. The involvement of the AGNS board of governors is paramount in developing community awareness of the gallery's mission, in representing and interpreting the value of the AGNS to community, government, corporate, and other funding agencies. The board acknowledges the competency role as advocates and fundraisers for the activities of the Art Gallery of Nova Scotia.

The AGNS is the primary institution for the preservation and collection of visual art in Nova Scotia, with a collection of over 17,000 artworks. We focus our collecting and exhibition activity on the art history of Nova Scotia, of our region, of the country and internationally, in order to tell the story of how the art history of Nova Scotia fits into larger national and international contexts. The growing success of the annual Sobey Art Award puts us at the forefront of contemporary Canadian art. The AGNS serves a central role in presenting Nova Scotia's art to the country, Canadian contemporary art to wider audiences in Canada, and Canadian art to the world.

The gallery receives funding from the province and also actively seeks, and relies on, financial and in-kind support from private and corporate sources. Within this context, this business plan presents the AGNS's goals for the year and its strategies to achieve them.

Strategic Outcomes

In 2012, the gallery's board of governors prepared a strategic plan. At the time, five goals were identified. These goals have been realigned under two comprehensive outcomes as detailed below. These two strategic outcomes form the basis of the gallery's ongoing planning:

1. Nova Scotians who are inspired to think and act creatively through access to models of excellence in the visual arts in a permanent collection that (a) reflects their history and aspirations, and (b) provides a context for understanding the place of Nova Scotia's visual heritage in the region, the country, and the world.
2. Visually literate Nova Scotians who are engaged, educated, and entertained by a series of exhibitions and programs with visual art from home and abroad, presented across platforms, and aimed at multiple age groups and diverse communities.

Priorities for 2015–2016

Nova Scotians who are inspired to think and act creatively through access to models of excellence in the visual arts in a permanent collection that (a) reflects their history and aspirations, and (b) provides a context for understanding the place of Nova Scotia's visual heritage in the region, the country, and the world.

The AGNS will develop and strengthen the provincial art collection through the acquisition – by purchase, gift, and bequest – of works of art of outstanding quality in line with our acquisitions policy and long-term strategy. The AGNS will create permanent collection exhibitions, produce and disseminate research on the collection, loan the works to other institutions, in Nova Scotia and beyond our borders, and maintain the gallery as an open and accessible research space dedicated to the visual heritage of this province.

Visually literate Nova Scotians who are engaged, educated, and entertained by a series of exhibitions and programs with visual art from home and abroad, presented across platforms, and aimed at multiple age groups and diverse communities.

Works of art will be displayed and exhibited in a meaningful and engaging way by presenting well-researched, balanced, stimulating, informative, and enjoyable exhibition programs in Nova Scotia and nationally.

The AGNS will provide leadership in the visual arts sector by presenting innovative and informative programs about the visual arts. We will promote an institutional culture that puts the visitor, and visitor services, at the forefront of our activities and planning.

We will present a diverse program of exhibitions, public programs, and education activities that enhance visual literacy and encourage lifelong learning, through direct engagement with works of art, artists, and art educators as well as through publications, online media, and other forms of communication.

Core Business Areas

The core business of the Art Gallery of Nova Scotia is the creation, accumulation, and dissemination of knowledge through the visual arts. The following four distinct core business areas are delivered through various functional areas in the gallery both in Halifax and in our Western Branch.

Acquisitions

The AGNS acquires artworks for the permanent collection according to the mandate of the acquisition policy and the mission statement. The gallery maintains related library, film, website, video, and resource support materials, along with institutional archival records pertaining to collections, exhibitions, and institutional history.

Preservation

The AGNS ensures proper management of the collection through documentation, maintenance of records, and research. The Art Gallery of Nova Scotia strives to ensure that the Province of Nova Scotia's collection is preserved and maintained in an environment that meets museum standards, while conducting conservation and restoration treatments using accepted museum practices.

Exhibitions

The AGNS is committed to our mission of bringing art and people together. In addition to our annual Sobey Art Award exhibitions, the AGNS presents a wide range of art in our exhibition programs in Halifax, Western Branch, and across Nova Scotia through our travelling exhibition and outreach programs.

We are committed to building audiences for art and have a three-part strategy for doing so. The first is the continued growth of the Sobey Art Award, Canada's premier prize for contemporary art, administered by the Art Gallery of Nova Scotia since its inception in 2002. The second is focusing on the richness of our permanent collection, creating exhibitions that highlight the breadth and depth of the Crown's art collection and making it available on loan to institutions across the region and the country, and beyond our borders. The third part of our strategy is to build partnerships to broaden the reach of our art exhibitions, to tour exhibitions within the province, across the region, and throughout the country. To that end, we actively seek partnerships to ensure that our projects, most of which focus on the art of Nova Scotia and of Atlantic Canada, are seen by as many audiences as possible.

We are committed to raising the profile of this region's art activity across the country, to developing exhibitions that examine the work of individual artists, and to a publication program that does justice to their work. Thematic exhibitions that we develop are drawn almost exclusively from our permanent collection and serve to complement the solo exhibition projects on view and in development. Our objective

is to be a leader in the advancement of knowledge and understanding of visual art, and in the fostering of the careers of Canadian artists, with a focus on artists based in this region.

Education and Public Programming

The AGNS has an ambitious education and public programming strategy that focuses on both on-site and outreach activities. On-site activities surround the support and the interpretation of our temporary exhibitions programming and of our permanent collection exhibitions. Offerings include special exhibitions, the development of in-house didactic material in exhibitions, daily guided public tours, early childhood education programs, infant and toddler / parent programs, studio/gallery workshops for students and teachers, family programs, a large docent program in support of school visits, and the fostering of lifelong learning with a series of lectures, films, artist talks, and other educational activities, including access to archives, publications, and study materials.

Outreach activities involve many partnerships across the province that further our mission of engaging people with art. We work with educational institutions, libraries, social service agencies, hospitals, and other community organizations in a wide array of programs.

Budget Context

	Budget 2014–15 ($)	Forecast 2014–15 ($)	Budget 2015–16 ($)
Revenues			
Operating	2,423,500	2,379,800	2,351,500
Development and fundraising	1,116,500	837,363	877,000
Programming recoveries	165,900	180,125	411,250
Educational recoveries	206,980	177,440	198,200
Western Branch	11,700	35,498	33,600
Gallery Shop	245,000	177,364	31,000
Acquisition fund	–	299,021	–
Endowment fund	140,750	99,700	51,750
Total revenue	**4,310,330**	**4,186,311**	**3,954,300**
Expenses			
Salaries and benefits	2,037,042	2,008,000	2,184,194
Administration	346,000	321,100	329,700
Building operations	10,050	10,150	14,500
Programming	840,710	606,435	693,059
Education programs	140,660	103,150	160,115
Communications and marketing	439,100	374,963	233,900
Western Branch	218,976	226,300	229,943
Gallery Shop	213,760	168,128	13,000
Acquisitions	10,000	314,537	20,000
Endowment fund	28,050	26,740	29,050
Total expenses	**4,284,348**	**4,159,503**	**3,907,461**
Revenue less expenses	25,982	26,808	46,839
Amortization of tangible capital assets	22,500	26,510	46,415
Annual surplus	**3,482**	**298**	**424**

Outcomes and Performance Measures

Strategic Outcome	Measure	Target 2015–2016	Strategies to Achieve Targets
Nova Scotians who are inspired to think and act creatively through access to models of excellence in the visual arts in a permanent collection that (a) reflects their history and aspirations, and (b) provides a context for understanding the place of Nova Scotia's visual heritage in the region, the country, and the world	Measures will be redesigned over the 2015–16 fiscal year to ensure that they accurately measure the outcomes to be achieved Operational Measures: Access to the collection through visitation at the gallery, attendance at gallery programs, on-line research, loans to other institutions	Online access to the permanent collection through AGNS website Revised Acquisition Policy by March 2016 2025–2026 Target: Identifiably acquire works within the acquisition framework	Replace current collections management software; provide for public access to the database. Refine a long-term strategic acquisition policy for the next 10 years. Acquire by purchase, gift, and bequest, works of art of outstanding quality in line with our acquisitions strategy. Encourage, facilitate, and acknowledge government funding, donations, gifts, and bequests that enhance the provincial art collection. Provide appropriate storage, security, and environmental conditions to conserve and maintain the provincial art collection. Document and manage the provincial art collection.
Data:	The acquisition policy will detail the long-term acquisition strategy of artworks to the collection. Within this will be the criteria used for evaluation of specific works for inclusion to, or rejection from, the collection. New collections management software will permit the creation of a searchable database of the permanent collection of AGNS. Once measures have been identified, baseline data will be collected.		

Strategic Outcome	Measure	Target 2015–2016	Strategies to Achieve Targets
Visually literate Nova Scotians who are engaged, educated and entertained by a series of exhibitions and programs with visual art from home and abroad, presented across platforms and aimed at multiple age groups and at diverse communities..	Measures will be redesigned over the 2015–16 fiscal year to ensure that they accurately measure the outcomes to be achieved Operational Measures: Number of people who access the provincial art collection and gallery exhibitions, programs, and facilities –and their level of satisfaction Number of students per year who access various educational programs – and the satisfaction of teachers, through survey	Create baseline data and measurement tools by March 2016	Baseline data will be created to quantify and define attendance, and survey satisfaction questionnaires will be developed. Present well-researched, balanced, stimulating, informative, and enjoyable exhibition programs in Nova Scotia and nationally. Use collection displays, gallery exhibitions, travelling exhibitions, loans, publications, programs, and technology to increase access to the provincial art collection. Provide leadership in the visual arts sector by presenting innovative and informative programs about the visual arts. Stimulate engagement with, and understanding of, the visual arts through events, research, publications, and conferences. Engage with provincial education bodies to develop educational resources to deliver targeted programs for students and teachers. Strengthen and promote the AGNS brand and continuously improve services that deliver high-quality visitor experiences.
Data:	Baseline data will be created to quantify and define attendance and survey satisfaction questionnaires will be developed.		

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Halifax-Dartmouth Bridge Commission
operating as Halifax Harbour Bridges
Business Plan 2015–2016

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Message from the Chair and the CEO

We are pleased to present the 2015–2016 business plan for Halifax Harbour Bridges (HHB).

With the philosophy of continuous improvement, in the past year HHB reviewed and amended its governance model used to guide the organization in achieving its corporate objectives. The amended model

- ensures a collaborative effort to improve HHB
- is accountable in the decision-making processes
- ensures the values of consultation and, openness are reflected in the governance of HHB
- requires that the governance framework is regularly reviewed and maintained

The last three years have seen HHB planning for the largest capital project since the MacKay Bridge opened in 1970. The Macdonald Bridge suspended spans deck replacement project, also known as the Big Lift, will extend the life of the bridge and reduce maintenance. It is only the second time in the world that the suspended spans of a suspension bridge will be replaced while allowing vehicles on it during the day.

In March 2015, HHB enters the construction phase of the Big Lift. Over the course of 18 months, 46 deck segments will be replaced on the suspended portion of the bridge, starting in Dartmouth and moving to Halifax. The truss, floor beams, road deck, and suspender ropes will all be replaced. One could argue that once complete, the Macdonald Bridge can no longer be referred to as the "old bridge." If you are interested in reading more about this engineering feat, please go to www.thebiglift.ca.

While the Big Lift is a significant focus of all core business areas of HHB, as you will read throughout this plan, other significant projects are planned for both bridges to ensure safe and efficient crossings for bridge customers while operating under strong and prudent financial management.

The bridges are vital transportation links and contribute to the economic development of the region. We continue to work toward providing world-class innovative transportation solutions.

Wayne F. Mason
Chairman of the Board of Commissioners

Steve Snider
General Manager and CEO

Mission

To provide safe, efficient, and reliable cross-harbour transportation infrastructure at an appropriate cost.

Vision

To be recognized as world-class for providing innovative transportation.

Mandate

The Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges, or HHB) is the self-supporting entity that operates and maintains two toll bridges: the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. HHB was created in 1950 by a statute of the Province of Nova Scotia and now operates under a statute passed in 2005.

The objectives of HHB are to

a) maintain and operate the bridges and any other transportation project authorized by Section 27 of the Halifax-Dartmouth Bridge Commission Act

b) assess, market, license, implement, provide, maintain, and integrate such electronic collection systems as are approved by the Governor in Council

Core Values

The following values are the essential principles that guide Halifax Harbour Bridges as an organization:

Safety – fundamental focus and shared responsibility

Stewardship – protection and maintenance of our bridges

Customer Service – focused on excellence

Respect – open and professional communications

Community – engagement and support of our communities

Integrity – acting with credibility and accountability

Engagement – focused on employee development and participation

Leadership – competent, energetic, and focused

Teamwork – building on each other's strengths and helping each other grow

Planning Context

Organizational Structure

Reporting to the Minister of Finance of the Province of Nova Scotia, the Board of Commissioners for Halifax Harbour Bridges has nine members: five are appointed by the Province of Nova Scotia, including the chair and vice chair, and four members are appointed by Halifax Regional Municipality. The board meets monthly to provide

governance and direction. There are also two standing committees: the governance, policy and enterprise risk management committee and the audit and finance committee.

HHB employs 35 permanent staff and approximately 47 seasonal staff. There are also 48 members of Commissionaires Nova Scotia under contract providing operational services to HHB.

Strengths

- HHB has 60 years of experience maintaining and operating tolled suspension bridges.
- HHB has expertise in electronic toll collection and strong penetration of MACPASS.
- HHB focuses on the safety of employees, contractors, neighbours and the travelling public.
- HHB is financially self-reliant, receiving no funding from the provincial government.
- HHB has a strong balance sheet, as evidenced by a credit rating of AA- from Standard and Poor, a national rating agency.

Weaknesses

- The bridges are reaching their mid-life. As they age, they become more challenging to maintain.
- Based on current traffic growth projections, the bridges are approaching full capacity.
- The Halifax road network adjacent to the bridges can limit the access and egress and overall capacity of the bridges.

Opportunities

- Advances in tolling technology and intelligent transportation solutions present opportunities to increase traffic throughput and improve the bridge users' experience.
- Broaden the application of MACPASS Plus, similar to the model at the Halifax Stanfield International Airport.
- Continue to take a leadership role in finding solutions to manage the demand for transportation.
- Introduce communications to help the public better understand current traffic conditions and options and the long-term plans of HHB and the role the public plays in minimizing incidents on the bridges.

Threats

- Danger to the travelling public, interruption of service, or damage to infrastructure can be caused by malicious acts.
- The age of the bridges increases the scope and complexity of capital maintenance projects, increasing the financial risks and project execution risks.
- With toll revenues as the primary source of revenue, HHB is vulnerable to decrease in traffic, which could be caused by economic issues, demographic or technology trends, or other, unforeseen factors.
- External threats to, or failures within, HHB's computer systems represent a threat to toll revenue collection capabilities and are a source of reputational risk.

Strategic Goals

To achieve our vision, four key strategic goals guide HHB.

1. Quality and Standards

Improve safety and efficiency in maintenance and operations.

Objectives

- Maximize capacity of the two bridges.
- Extend life of the bridges.
- Maintain an injury-free workplace.
- Improve public safety.

2. Recognition of Value

Provide an excellent customer experience.

Objectives

- Increase customer satisfaction with bridge operations.
- Increase MACPASS usage for crossing the bridges and other parking or transportation payments.
- Eliminate delays at toll plaza.
- Improve access and egress for cyclists and pedestrians.
- Improve information to the public on bridge status.
- Improve public engagement in bridge plans and operations.

3. Financial

Demonstrate financial responsibility through effective deployment of our capital and operating resources.

Objectives

- Revenues from operations are sufficient to fund all operational and capital requirements.
- A cost-effective capital plan addresses needs in a timely manner.
- Efficient operational, maintenance, and toll collection activities are in place.
- An accurate and current, long-term financial plan is in place.

4. Leadership

Create a workplace culture where employees have an opportunity to grow and participate.

Objectives

- Build leadership skills at all levels of the organization.
- Increase the level of employee engagement.

Core Business Areas and Priorities for 2015–2016

Maintenance and Engineering

Objective

To ensure that the bridges are structurally sound and well maintained.

Each year, the two bridges undergo a rigorous inspection to identify maintenance requirements and to ensure that items from previous inspections are being addressed properly. The annual inspection report forms the basis of the improvement and maintenance plan..

Maintenance and Engineering Priorities

Maintenance

1. Restructure the painting program to reflect the fact that there will be no access to the Macdonald Bridge while the suspended span is being replaced. The goal for the 2015–2016 painting program is an efficient program with controlled costs while achieving effective long-term corrosion prevention. Additionally, maintenance will be planning for future changes to incorporate advances in corrosion-prevention technologies as part of a multi-year project.

Engineering

1. Macdonald Bridge suspended span redecking project (the "Big Lift" project). In 2015–2016, the objective is to complete 50 per cent of suspended span length while remaining on time and within budget. Actions to achieve this objective include fully staffing the project management office, completing detailed reviews of contractor submissions and work, communications with the contractor and consultants, and ongoing communications with stakeholders.
2. The replacement of seven sets of bearings as part of a multi-year project to replace all of the approach spans bearings on the Macdonald Bridge. In 2015–2016, it is planned to complete the design, issue the tender, award the contract, and complete construction for seven bearings.

Tolling and Technology

Objective

To deliver effective and efficient toll collection as well as maintain and secure the technology systems required for toll collections and bridge operations.

Tolling and Technology Priorities

1. Complete replacement of the Macdonald Bridge centre lane control hardware as part of a multi-year project from 2014 to 2016.
2. The replacement of approximately 40 outdated computer servers with 4 larger servers using virtualization technology. The objective is to increase the efficiency

of the servers and provide enhanced redundancy capabilities to protect the revenue collection systems.

3. To increase the organization's level of compliance with Payment Card Industry (PCI) standards through the implementation of security enhancements with tokenization and secure card present processing.

4. To develop a multi-year strategic plan for the next generation of tolling technology at HHB. The current equipment for cash collections is nearing the end of its functional life, leading to reduced performance and greater repair costs. A long-term tolling strategy will guide HHB's approach in rehabilitating toll equipment and the toll plazas.

Operations

Objective

To ensure the safety and security of the traveling public and employees through ongoing reviews and implementation of HHB's policies, procedures and initiatives.

HHB strives continuously to maintain the bridges in good condition for the safety of the travelling public. Safety measures include weather stations, mobile speed radar, ice-detection sensors, around-the-clock bridge security, traffic enforcement, security cameras, emergency telephones on the Macdonald Bridge, dynamic message signs, a dedicated sidewalk and bicycle lane on the Macdonald Bridge.

Operational Priorities

1. Introduce a dedicated tow truck service to support bridge operations. Over the long term, bridge volumes continue to grow. Programs such as a dedicated tow truck help ensure smooth traffic flow during peak traffic periods.

2. Operate a 24 hour per day shuttle service for pedestrians and cyclists during the Big Lift project when the sidewalk and bikeway is removed from the suspended span of the Macdonald Bridge.

Budget Context

	Budget 2014–15 ($)	Forecast 2014–15 ($)	Budget 2015–16 ($)
Revenue			
Toll revenue	31,900	31,276	30,920
Other rate charges	125	149	47
Investment & sundry income:			
Trust fund investments	386	290	70
Other	320	360	301
Investment income	70	106	25
Total revenue	**32,801**	**32,181**	**31,364**
Expenses			
Operating	7,593	7,090	7,272
Maintenance	4,003	3,131	3,082
Amortization	6,836	7,934	8,292
Debt servicing	2,166	1,784	1,110
Loss on debt repayment	0	2,551	0
Loss (profit) on disposal of property, plant, & equip.	60	30	0
Total expenses	**20,658**	**22,519**	**19,756**
Net operating income	**12,143**	**9,662**	**11,607**
Other comprehensive income	0	(38)	0
Comprehensive income	**12,143**	**9,624**	**11,607**

Outcomes and Performance Measures

Outcome	Metrics
Nova Scotians have access to safe, reliable, cost-effective transportation infrastructure to cross Halifax Harbour.	Customer satisfaction ratings regarding maintenance, safety, service and value for tolls paid. To be measured through regular customer surveys. Number of repair projects completed by HHB in current year as a percentage of the total recommendations contained in the annual inspection report on the physical condition of bridge structures.
Halifax Harbour Bridges achieves its mandate through the effective deployment of capital and operating resources.	Financial results measured against annual operating and capital budgets.

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Innovacorp
Business Plan 2015–2016

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Message from the Minister, Chair, and CEO

In February 2014, the Nova Scotia Commission on Building Our New Economy delivered *Now or Never: An Urgent Call to Action for Nova Scotians*. Commonly referred to as the "Ivany report," the Commission highlighted underlying challenges in the Nova Scotia economy, yet expressed a belief that we have the ability to change our path – and the moment to change that path is now. At Innovacorp, we see emerging opportunities that can be capitalized on to improve our future.

Although Nova Scotia's start-up scene is increasingly vibrant, like any other ecosystem it is not immune to global financial, demographic, and socio-economic factors. Still, in contrast to the Nova Scotia economy at large, the start-up segment is relatively robust. According to data published by Entrevestor.com, there were about 160 start-ups in Nova Scotia at the end of 2013 that employed approximately 1,600 Nova Scotians. During that year, the number of people employed in these companies grew by 43 per cent and company revenues grew an average of 30 per cent. In the same year, wages in Atlantic Canadian start-ups averaged roughly $53,000.

As the province's early-stage venture capital organization, Innovacorp sees the start-up community's momentum building every day. The young, knowledge-based companies Innovacorp invests in and assists are innovative and globally competitive, and they create high-value jobs. These start-ups are vital to growing our economy.

The Atlantic region is experiencing increased activity in the venture capital community and in the incubation and acceleration of technology businesses. We are eager to help build on this momentum in the year ahead.

This business plan represents year one in our five-year strategic plan and focuses on delivering five strategic outcomes:

- Early-stage, high-potential companies gain access to risk capital.
- Clients achieve annual business objectives as a result of our incubation practice.
- Client success is accelerated.
- Clients gain access to world-class technical, investment, and business expertise through new strategic partnerships.
- The regional start-up ecosystem grows and matures.

Sincerely,

The Honourable Michel P. Samson
Minister of Economic and Rural Development and Tourism

Jacquelyn Thayer Scott, PhD
Board Chair, Innovacorp

Stephen Duff
President & CEO, Innovacorp

Mission

We find, fund, and foster innovative Nova Scotia start-ups that strive to change the world.

Vision

Our region will become one of the top 10 start-up ecosystems in the world.

Core Values

Respect: understanding and appreciating everyone's unique contribution

Integrity: living by our highest principles

Co-operation: mindful willingness to help

Excellence: striving to be extraordinary in everything we do

Planning Context

In November 2014, Bill No. 49, An Act to Improve Economic Development in Nova Scotia, came into effect. The act requires that, along with other Crown corporations and agencies, Innovacorp prepare and submit to the Minister of Economic and Rural Development and Tourism a strategic plan no later than March 2, 2015. The act further requires that Innovacorp submit a five-year evaluation of its activities compared against the strategic plan no later than September 30, 2019, and every five years thereafter. The activities and operation of the corporation will be independently reviewed no later than June 30, 2019, and every five years thereafter. The following 2015–2016 business plan represents year one of Innovacorp's five-year strategic plan.

The Province of Nova Scotia is focused on creating a climate for private sector and social enterprise economic growth to support oneNS economic goals. This means creating the winning conditions for the private sector to compete and succeed in global markets – it's about creating the right long-term climate, not trying to change the daily weather. There are four main areas of policy focus aimed at achieving the goals outlined in the Ivany report – fiscal, economy, education, and demographics (FEED). Innovacorp will tangentially support all elements of FEED, but will primarily influence the economy.

Externally, global socio-economic, demographic, and financial forces will continue to create economic uncertainty, and Innovacorp will not be immune to these forces. The emergence of a "two-speed" global economy is a reality. The influence of oil prices, oil import and export levels, and currency exchange fluctuations on emerging-market economies will create differential economic advantage and disadvantage depending on which side of this complex equation these economies fall. Overall, current expectations are that growth in the world GDP for 2015 will be higher than 2014.

Within Innovacorp's planning context, the release of the final report from the Nova Scotia Commission on Building Our New Economy was followed by three informative studies looking at important elements of our ecosystem. Tom Traves delivered *Review of Economic Development Assistance Tools* in February 2014. This was followed in June by Gilles Duruflé's report entitled *Fueling*

Entrepreneurship and Innovation: A Review of the Nova Scotia Government's Role in Venture Capital Provision. Finally, *Charting a Path for Growth – Nova Scotia Tax and Regulatory Review* was delivered in November by Laurel Broten. These reports contain comprehensive analysis and recommendations that have been influential in Innovacorp's strategic planning process, including Innovacorp's role and approach in delivering early-stage venture capital as well as business incubation and acceleration programs and services. For example, the Province of Nova Scotia has implemented Gilles Duruflé's recommendation that venture capital should be consolidated with Innovacorp and that the focus of investment should be early-stage, high-potential start-ups.

Within this planning context, Innovacorp sees opportunity. The development of strategic partnerships and linkages with other start-up ecosystems, external venture capital investors, and business acceleration organizations will add value for Innovacorp's client companies. For example, Innovacorp will enter into a collaborative agreement with Israel to create the Nova Scotia–Israel Innovation Program (NSIIP), an initiative that will facilitate R&D partnerships between entrepreneurs and companies in Nova Scotia and Israel.

Strategic Priorities

Innovacorp has adopted five strategic priorities. These priorities will guide Innovacorp over the medium to long term, and annual business plan goals will reflect them:

1. Early-stage, high-potential companies gain access to **risk capital**.
2. Clients achieve annual business objectives as a result of our **incubation practice**.
3. Client **success is accelerated**.
4. Clients gain access to world-class technical, investment, and business expertise through **new strategic partnerships**.
5. The **regional start-up ecosystem** grows and matures.

Core Business Areas

At Innovacorp we believe in Nova Scotia entrepreneurs. Governed by a private-sector-led board of directors, we are an accountable, fiscally responsible Nova Scotia Crown corporation that helps high-potential, early-stage Nova Scotia companies commercialize their technologies and succeed in the global marketplace. Early-stage investment is at the core of our business model, and we provide hands-on business advisory services, tailored to meet the unique and evolving needs of each of the promising technology companies in our portfolio. We also deliver value by giving entrepreneurs access to world-class incubation facilities and leveraging strategic partnerships to introduce our clients to an international network of expert advisors and investors. The three primary drivers articulated in our mission – *finding*, *funding*, and *fostering* – are expanded on below.

Finding

In addition to our core business of investment, incubation, and expert advice, Innovacorp supports the start-up community and culture across the province. We do this in several ways. Through the Early Stage Commercialization Fund (ESCF),

Innovacorp assists the academic community (universities and colleges) in pursuit of entrepreneurial opportunities. The program is used to review, advise, and support early-stage technology commercialization of post-secondary institution research that has market potential. Since ESCF's inception in 2005, Innovacorp has provided over $3.6 million to 127 research projects. As of February 2015, 42 projects remain active, 10 have licensed technology, and 23 spin-out companies have been created.

Innovacorp runs the biennial provincial I-3 Technology Start-Up Competition. The competition's goal is to find and support early-stage Nova Scotia knowledge-based companies and encourage entrepreneurial activity across the province. Nova Scotia is divided into five geographic zones to maximize community involvement, partner participation, and entrepreneur submissions. In 2013–2014, Innovacorp received a record-breaking 228 I-3 submissions from across the province, a 60 per cent increase from the previous competition. The competition will run again in 2015–2016.

An important part of building a vibrant start-up ecosystem is the targeted creation of new relationships and networks. Innovacorp regularly holds information-rich networking gatherings for early-stage technology entrepreneurs. Our Business Over Breakfast seminar series is particularly well attended, bringing together Innovacorp clients from across Nova Scotia, business professionals, industry representatives, students, and other key stakeholders. In addition, Innovacorp continues to organize the monthly TecSocial in Cape Breton and continues to provide support to the Refresh group in the Annapolis Valley.

Innovacorp, through financial and in-kind support (e.g., coordination, speaking, joint promotion), also contributes to many smaller industry-driven, entrepreneur-focused events such as Start-Up Weekends, DemoCamps, and Ladies Learning Code workshops.

Funding

As Nova Scotia's early-stage venture capital organization, we work in technology sectors with high commercialization potential and are especially interested in the information technology, life sciences, clean technology, and oceans technology industries.

Between 2010–2011 and 2014–2015, Innovacorp made investments totalling $24 million in 36 promising technology companies, and these investments leveraged an additional $34.7 million in investment from other venture capital investors. We also invested $1.7 million from our $15 million commitment as a limited partner (LP) in Build Ventures, the regional venture capital fund targeting opportunities throughout Atlantic Canada. We continue to seek investment-grade opportunities in early-stage technology companies while managing investment capital to follow on and support our existing portfolio companies in future investment rounds.

Fostering

Innovacorp manages three incubation assets. The Technology Innovation Centre in Dartmouth targets companies in clean technology and a variety of other knowledge-based sectors, while the Innovacorp Enterprise Centre on the Dalhousie University campus in Halifax focuses on companies in the life sciences sectors. The Innovacorp Demonstration Centre in Brooklyn is an industrial demonstration facility where cutting-edge bioresource innovators and researchers can test their products before bringing them

to full market scale. The demonstration centre offers access to raw materials such as wood fibre, a port, a wharf, and steam from the nearby biomass-fueled Brooklyn Power plant. The three sites are premier destinations for early-stage technology companies. The facilities offer much more than just space and infrastructure. They offer an environment – a community. They also provide on-site support, flexible leasing, and corporate credibility – things emerging companies need to reduce costs, grow stronger faster, and thereby increase their likelihood of success.

In addition, Innovacorp leases space at Venture Solutions Inc., a Sydney-based incubator, and at the Acadia Entrepreneurship Centre on the campus of Acadia University in Wolfville. Innovacorp regional managers work out of these offices and help Innovacorp fulfill its mandate to broadly serve Nova Scotia's entrepreneurial community.

Priorities for 2015–2016

Each of Innovacorp's five strategic priorities represents ongoing, multi-year undertakings. In the upcoming year, Innovacorp will strive to achieve the following annual outcomes toward these priorities:

Early-stage, high-potential companies gain access to risk capital

Although Nova Scotia is making steady progress, our private venture capital activity continues to lag behind Canada and the US. In a mature ecosystem, companies are started by serial entrepreneurs who reinvest their own money. Angel investors typically follow, and venture capital is then raised to accelerate company growth. In relative numbers, the entrepreneurial and business angel base is smaller in Nova Scotia, with fewer serial entrepreneurs able to reinvest their own money and expertise to start a new company. For these reasons, Innovacorp plays a leading role at the seed and start-up stages of the company life cycle and is an important part of the province's economic development.

From 2010 to 2013, there were 47 venture capital deals in Nova Scotia at an average deal value of USD2.2 million. This is in contrast with the average Canadian deal of USD3.4 million and the average US deal, valued at USD7.1 million. In that period, Innovacorp invested CAD15.4 million in 22 companies while leveraging an additional CAD18.1 million in other venture capital, for an average deal size of CAD1.5 million.

As the knowledge-based economy grows and commands an increasing portion of global economic activity, Innovacorp will continue to invest in and assist Nova Scotia start-ups that strive to change the world. These companies are vital to growing our economy and early-stage venture capital is essential to getting them started.

In 2015–2016, Innovacorp will achieve the desired outcome through the following steps:

1. Make 8–16 investments, deploying $4–8 million of venture capital.
2. Seek external venture capital co-investors to leverage our investments (1:1 in seed rounds and 2:1 in Series A rounds).
3. Actively manage the Nova Scotia First Fund to achieve a rate of return

benchmarked to the Province of Nova Scotia's long-term cost of capital.

Clients achieve business objectives as a result of our incubation practice

As described above, Innovacorp manages three incubation assets. The Technology Innovation Centre in Dartmouth targets companies in clean technology and a variety of other knowledge-based sectors, while the Innovacorp Enterprise Centre on the Dalhousie University campus in Halifax focuses on companies in the life sciences sectors. The Innovacorp Demonstration Centre in Brooklyn is an industrial bioresource demonstration facility. These sites are premier destinations for early-stage technology companies.

In 2015–2016, Innovacorp will achieve the desired outcome through the following steps:

1. Secure funds to complete infrastructure fit-up for the Innovacorp Enterprise Centre.
2. Implement improved entry and exit criteria for incubation clients.
3. Establish regularly scheduled progress/milestone review meetings with incubation clients and provide support where needed.
4. Create an optimal incubator mix of early-stage companies and support organizations.
5. Achieve a best-practice target occupancy of 85 per cent in incubation facilities.
6. With our provincial partners, deliver a business case for a marine innovation centre on the Dartmouth waterfront.
7. Monetize non-strategic assets and, subject to the Finance Act, seek to redeploy capital for value-added offerings.

Client success is accelerated

History teaches that most start-ups fail and that failure is an integral part of the life cycle of an entrepreneur. Many founders are inexperienced in important aspects of starting and building successful companies, so finding ways to access the right mix of start-up capital, strategic advice, and mentoring helps improve their chances of success.

In 2015–2016, Innovacorp will achieve the desired outcome through the following steps:

1. Run the province-wide I-3 Technology Start-Up Competition.
2. Run the SPARK Cape Breton competition.
3. Run two cohorts of the Early Stage Commercialization Fund.
4. Provide clients with access to technology, sector, and business experts to help accelerate their path to success.
5. Run the first cohort of the Nova Scotia–Israel Innovation Program.
6. Establish 3–6 month engagements for clients in the "Canadian Corner" at Disruption Corporation's headquarters in Crystal City, VA.
7. Arrange for clients to participate in sector-specific accelerator programs for information technology, life sciences, clean technology, and oceans technology.
8. Administer the Productivity and Innovation voucher program to enable small and medium sized businesses to acquire research support

Clients gain access to world-class technical, investment, and business expertise through new strategic partnerships

To compete successfully in global markets, Nova Scotia companies need to be able to access the best advice the world has to offer. Whether it's in technology, business strategy, sectors, or markets, Innovacorp will partner with the world's best rather than incur increased overhead costs by recruiting new staff. We will not reinvent the wheel in a world that is increasingly open, virtual, and blind to the existence of borders.

In 2015–2016, Innovacorp will deliver the desired outcome through the following steps:

1. Establish at least one new strategic partnership that leverages private, not-for-profit and/or corporate organizations, with an emphasis on clean technology
2. Secure federal funding sources and/or a national Centre of Excellence on a client-led project
3. Increase our network of venture capital co-investor prospects for syndication in seed and follow-on financing rounds
4. Create or participate in a new fund we consider strategically aligned with our mission
5. Enhance the depth and scope of our Science & Technology Advisory Council (STAC) in strategic sectors such as tidal, clean energy, and biofuel

The regional start-up ecosystem grows and matures

The development of a vibrant, dynamic regional start-up ecosystem will be an important determinant of future socio-economic prosperity in Nova Scotia. At Innovacorp, every investment made, every incubation client engaged and every competition award granted contributes to the step-by-step maturing of the Atlantic Canadian ecosystem.

In 2015–2016, Innovacorp will deliver the desired outcome through the following steps:

1. Host 8–10 Business Over Breakfast sessions.
2. Host 8–10 TecSocial events.
3. Partner with ecosystem support organizations such as Volta Labs, Digital Nova Scotia, MentorCamp, and PodCamp to deliver high-impact programs and events for entrepreneurs.
4. Partner with educators and trainers such as Dalhousie University Starting Lean, Saint Mary's University's Master of Technology in Entrepreneurship and Innovation, and Cape Breton University's UIT Startup Immmersion Program to host entrepreneurial training programs, competitions, and events.
5. Develop new connections between the Nova Scotia start-up ecosystem and the top ecosystems in the world, including Boston, Silicon Valley, Tel Aviv, and Waterloo.
6. Welcome at least one new client to Nova Scotia through the incubation stream of Citizenship and Immigration Canada's Start-Up Visa Program.

Performance Measures

This section outlines the performance measures Innovacorp will track in 2015–2016. Using 2011–2012 as a baseline, the measures are organized in accordance with Innovacorp's strategic priorities.

Measure	Base Year 2011–12	Actual 2012–13	Actual 2013–14	Forecast 2014–15	Target 2015–16
Start-ups gain access to risk capital					
Total investment ($CAD) by Nova Scotia First Fund (NSFF)	$5.85	$5.17	$5.10	$8.40	$6.00
Amount of investment leveraged by NSFF (cumulative from February 1996)	$115M	$127M	$141M	$155M	$164M
New value is added for clients through incubation					
Average incubation client tenure (months)*				54.4	60
Percentage of incubation client milestones achieved*				n/a	50%
Percentage of incubation clients receiving venture capital investment*				19.2%	25%
Client success is accelerated					
Export revenue generated by investment portfolio companies	$26.2M	$22.1M	$25.2M	$26.3M	$30.0M
Number of people employed by investment portfolio companies	220	312	347	376	400
Total employment payroll of investment portfolio companies	$9.7M	$22.8M	$25.7M	$27.4M	$30.0M
New partnerships strengthened our support					
Number of new strategic partnerships*				2	2
Number of clients benefiting from new partnerships*				1	10
The start-up ecosystem grows and matures					
Number of early-stage Nova Scotia companies engaged during the year (excluding competitions)	108	130	163	188	170

* New outcome measures introduced in 2015–2016

Budget Context

Innovacorp is committed to achieving its financial targets. To this end, the organization works with the Province of Nova Scotia and partner agencies to strategically leverage its assets in support of economic development initiatives.

($)	Estimate 2014–15 ($)	Forecast 2014–15 ($)	Estimate 2015–16
Revenues			
Provincial funding	7,472,000	8,112,000	9,650,000
Funding recognized re capital assets acquired	109,000	109,000	118,000
Incubation	1,830,000	1,958,798	1,166,000
Investment	12,000	46,345	42,000
Total revenues	**9,423,000**	**10,226,143**	**10,926,000**
Expenses			
Incubation	3,914,000	4,451,798	4,493,000
Investment	2,353,000	2,667,345	2,265,000
Corporate services	1,995,000	1,870,000	1,527,000
Total expenses	**8,262,000**	**8,989,143**	**8,285,000**
EBITDA			
Provincial funding	7,472,000	8,112,000	9,650,000
Funding recognized re capital assets acquired	109,000	109,000	118,000
Incubation	(2,084,000)	(2,493,000)	(3,327,000)
Investment	(2,341,000)	(2,621,000)	(2,223,000)
Corporate services	(1,995,000)	(1,870,000)	(3,394,0000)
Total EBITDA	**1,161,000**	**1,237,000**	**824,000**
Non-operating items			
NSFF total return	(361,000)	(2,381,000)	(218,000)
Post-retirement benefits and long-service award	(138,000)	(138,000)	(142,000)
Amortization	(484,000)	(534,000)	(368,000)
Interest Income (expense), dividends, and capital gains (losses)	(319,000)	(254,000)	(237,000)
Total non-operating items	**(1,302,000)**	**(3,307,000)**	**(965,000)**
Surplus (deficit)	**(141,000)**	**(2,070,000)**	**1,726,000**

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Nova Scotia Business Incorporated
Business Plan 2015–2016

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Message from the Chair and the CEO

Nova Scotia Business Inc., a Nova Scotia Crown Corporation, led by a private sector board, is the lead business development agency for the Province of Nova Scotia. In order to strengthen and grow the Nova Scotia economy, Nova Scotia Business Inc.'s primary efforts are focused in two key areas: attracting global investment to Nova Scotia to create new jobs and supporting Nova Scotia's businesses to grow and succeed in the global economy through business advisory services, skill development and training, financing, and support to access global markets.

For the Province of Nova Scotia, 2014 was a year of reflection, review, and looking toward the future. The Nova Scotia Commission on Building Our New Economy's historic report identified bold targets with respect to increasing exports, as well as exporters, by 50 per cent over the next 10 years. 2014 also saw the completion of independent reviews of provincial economic development assistance programs and structures, and as a result, Nova Scotia Business Inc. will welcome a new mandate and new delegated authority in 2015.

Nova Scotia Business Inc. acknowledges and embraces the critical role it must play in supporting the attainment of the Nova Scotia Commission on Building Our New Economy's goals in order to ensure a strong prosperous future for all Nova Scotians. As a result, Nova Scotia Business Inc.'s efforts over the next five years starting in 2015–2016 will focus on developing and implementing strategic action plans designed to achieve success in three key areas:

1. Increase the number of exporters and the value of Nova Scotia's exports by helping Nova Scotia businesses to become exporters for the first time or to expand and increase exports by targeting key strategic markets and promoting unique value-added products and services that are in demand around the world.

2. Attract and grow high-value investments from domestic, national, and international companies to expand Nova Scotia's opportunities in key targeted sectors such as financial services, information and communications technology, ocean technology, aerospace and defence, and creative industries, as well as secure job creating investments in targeted regions such as Nova Scotia's rural communities by bringing value-added, sustainable innovation to the traditional sectors of mining, forestry, agriculture, aquaculture, and fisheries.

3. Establish Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business.

Nova Scotia Business Inc.'s programs and advisory services will continue to support and enhance the climate for private sector growth. Nova Scotia Business Inc. will work in partnership with Nova Scotia businesses new and old to create high-skilled, knowledge-based employment and innovative value-added products and services, both of which are integral to a strong, vibrant, and growing Nova Scotia economy.

In addition, new centralized trade operations at Nova Scotia Business Inc. will bring a focused and coordinated approach to both new and emerging sectors and opportunities as well as to Nova Scotia's traditional industries. The re-introduction of the business development advisors with regional responsibility will allow Nova Scotia Business Inc. to strengthen our proactive client-centred advisory and navigation services across the province and will allow Nova Scotia Business Inc. to redouble our efforts with a coordinated and strategic focus on job creation and economic development in both rural and urban communities across the province.

For Nova Scotia Business Inc., 2015–2016 will be a foundation-building year as we develop detailed evidence-based market and strategic plans and establish transparent outcomes-focused metrics in order to guide our activities and measure their impact. At Nova Scotia Business Inc., we will bring a targeted focus to our efforts, strengthen our partnerships, and drive measurable results as we continue to sell the world on doing business in Nova Scotia and to sell Nova Scotia businesses to the world. We look to the year ahead with refreshed motivation and emphasis and are excited about the role Nova Scotia Business Inc. will play in building Nova Scotia's future economic prosperity.

Sincerely,

Janice Stairs
Chair of the Board, Nova Scotia Business Inc.

Laurel Broten
President and CEO, Nova Scotia Business Inc.

Mission

Nova Scotia Business Inc. drives economic momentum in Nova Scotia through attracting and expanding investment and developing businesses in all communities to be more successful exporters.

Vision

A strong, thriving, and globally competitive Nova Scotia today and for generations to come.

Mandate

Nova Scotia Business Inc. was created in 2001, by the Nova Scotia Business Incorporated Act, to be the lead business development agency for the Province of Nova Scotia. Led by a private sector board of directors, Nova Scotia Business Inc.'s goal is to be a key point of contact for businesses in all communities to help them grow and prosper in the province and beyond. Nova Scotia Business Inc.'s dual focus is to attract global investment to Nova Scotia to create new jobs and help Nova Scotia's businesses to grow and succeed in the global economy through business advisory services, skill development and training, financing, and support in accessing global markets.

The act requires Nova Scotia Business Inc. to fulfill the following:

The object of the corporation is to promote business development in the province by working directly with businesses to support economic growth through

(a) business development, retention and expansion,

(b) the establishment of new businesses in the province, and

(c) trade operations to connect businesses in the province with new markets or new trade opportunities,

in accordance with strategic directions established by the Department and the strategic plan of the corporation.
(2000, c. 30, s. 15)

Purpose

Seize opportunity and create growth.

Driving Principles

The development of Nova Scotia Business Inc.'s business plan has been guided by the following driving principles.

Think Exports First

Nova Scotia Business Inc. is driven by the opportunities we see outside our borders. As the oneNS report reinforced, Nova Scotia must reach beyond its borders to achieve sustainable economic growth. We must export our goods and services to larger markets than our own, and we must attract investment from outside of our province. Economic growth through export expansion and the attraction of investment is the cornerstone of Nova Scotia Business Inc.'s mandate and forms the foundation for our business development efforts. Nova Scotia Business Inc. is committed to selling Nova Scotia's businesses to the world and selling the world on doing business in Nova Scotia.

Focus on Our Strengths

Nova Scotia has unique assets and advantages that are valuable in the global economy: our highly skilled and educated workforce, our ports and gateway, our traditional industries, a proximity to global markets, our creative industries, and value-added products and services in demand here and around the world. Nova Scotia Business Inc. will continue to market and promote Nova Scotia's assets through our global outreach efforts. We will utilize our networks to make global connections for Nova Scotia businesses, and we will broadcast that Nova Scotia is open for business. Nova Scotia Business Inc. will target our efforts to set the stage for Nova Scotia businesses to export to larger national and international markets, drive private sector growth, and create new jobs here at home.

Position the Private Sector to Lead

Nova Scotia Business Inc.'s Board is comprised of business leaders representing regions across the province. We benefit every day from the value of the expertise and experience of the people who sit around our board table. Letting the private sector lead from all regions of the province is woven into the fabric of Nova Scotia Business Inc., and it defines our corporate culture. We recognize that true economic growth is created by private sector companies in all communities, who look for new opportunities, define their competitive advantage, and work hard every day to create innovative products and services. Nova Scotia Business Inc. acknowledges and embraces the critical role we must play to support these efforts and drive economic growth for Nova Scotia through business advisory services, skill development and training, financing, and support to access global markets.

Evidence-Based Decision Making

Nova Scotia companies know the importance of a long-term evidence-based strategy, with progress markers and benchmarks to guide their activities and to measure and drive success. These same principles must apply to Nova Scotia Business Inc.'s approach to economic development. Our operational strategy development and supporting action plans will be rooted in data and research, will incorporate our extensive in-market learnings, and will be monitored and evaluated on an ongoing basis in order to ensure that our efforts drive results for all of Nova Scotia.

People as Our Foundation

The oneNS report has called all Nova Scotians to action to ensure a strong, prosperous future for our province. The Province of Nova Scotia, private sector businesses, and Nova Scotians alike are being called upon to raise the bar. At Nova Scotia Business Inc., we will rise to the challenge. Nova Scotia is home to 10 universities and 13 community college campuses – fundamental assets in growing our economy. Nova Scotia Business Inc. will draw on these and other valuable resources to develop the capabilities of our clients and ourselves. We will ensure that our organizational structure positions us to be at our best to help Nova Scotia businesses grow and thrive in the global economy. Nova Scotia Business Inc. will be intentional about the development of our organization and our people to support the attainment of our strategic goals. We will ensure that our internal resources are aligned with these goals, and we will stop investing in activities that are not delivering results.

Collaborate for Results

At Nova Scotia Business Inc. we know we can't do it alone. We will collaborate – with the Regional Enterprise Networks, municipalities across the province, the Halifax Partnership, the chambers of commerce, businesses in all communities, government departments and other agencies, the universities and community college, and other stakeholders with a vested interest in Nova Scotia's economic success. Whether it's to reduce duplication, leverage resources to maximize benefit, provide collective solutions or a coordinated approach, Nova Scotia Business Inc. will continue to partner for the right reason – to drive results and support economic growth for Nova Scotia.

Planning Context

For Nova Scotia as a whole, 2014 was a year of reflection, review, and looking toward the future. Nova Scotia Business Inc.'s five-year plan has been undertaken in a planning context rich with advice and insight from many, including the 2014 Report of the Nova Scotia Commission on Building Our New Economy (the oneNS report) and the independent review conducted by Tom Traves, which examined provincial economic development assistance programs and structure and which in turn led to a new mandate for Nova Scotia Business Inc..
For Nova Scotia Business Inc., 2015–2016 will be a foundation-building year as we develop detailed evidence-based market and strategic plans and establish transparent outcomes-focused metrics in order to guide our activities and measure their impact.

Nova Scotians have been clear that they support the goals in the oneNS report, and Nova Scotia Business Inc. is committed to capitalizing on opportunities to support private sector growth in the province. The coming year will focus on driving exports, encouraging investment, enabling job creation to attract and retain top talent, and extending collaboration with the Departments of Energy, Natural Resources, Agriculture, and Fisheries and Aquaculture.

The oneNS report on Building Our New Economy identified many challenges facing the Nova Scotia economy and put forward a comprehensive list of goals for transformation. With regard to trade, they succinctly highlighted the Nova Scotia reality as follows:

> **We Have to Trade to Grow**
>
> "Being a small province, and one with slow population growth, means that Nova Scotia has a small domestic market. For most businesses to grow significantly, whether goods producers or service providers, they have to access larger external markets through trade activities."[1]

The oneNS report established a number of economic development goals to be achieved by 2024 in order to meet Nova Scotia's economic development challenges, including establishing a bold target for increased export on a variety of fronts:

1 Ray Ivany, Irene d'Entremont, Dan Christmas, Susanna Fuller, John Bragg, Jo Ann Fewer, Mark Austin, and Carolyn Terry. *Now or Never: An Urgent Call to Action for Nova Scotia*. Nova Scotia Commission on Building Our New Economy (2014), p. 29.

Goal 5: Value of Exports

"Nova Scotia will have increased the total annual value of exports (international and interprovincial), currently in the $14 billion range, by 50% to exceed $20 billion." (p. 48)

Goal 6: Firms Participating in Export Trade

"The number of Nova Scotia firms participating in export trade will have increased by 50% over the current level of 850." (p. 48)

Goal 15: Fisheries and Agriculture Exports

"The value of exports from the fisheries (including aquaculture) and the agriculture sectors will each have doubled on a sustainable basis." (p. 49)

The provincial government has consolidated all of the goals outlined by the Nova Scotia Commission on Building Our New Economy into four key areas of focus:

- **Fiscal** – Government is committed to balancing the budget by 2017–2018 and achieving ongoing fiscal sustainability.
- **Economy** – Create the climate for private sector and social enterprise economic growth to support oneNS's economic goals.
- **Education** – Increase workforce participation and entrepreneurship by improving the early childhood and P–12 education system and continually improving opportunities for skills development and knowledge through post-secondary education, training, and apprenticeship.
- **Demographics** – Increase net interprovincial in-migration and international immigration levels; enhance wellness & health initiatives; enhance workforce participation of youth, older workers, and marginalized communities; and enhance communities and social well-being.

Nova Scotia Business Inc. recognizes the importance of these four key areas of focus – most importantly Nova Scotia Business Inc.'s role to help strengthen and grow the Nova Scotia economy while operating under responsible, accountable, and sustainable fiscal management practices. In this aim, Nova Scotia Business Inc.'s efforts over the next year will be focused on developing and implementing strategic action plans designed to achieve success in three key areas:

- **Increase the number of exporters and the value of Nova Scotian exports** by supporting Nova Scotian businesses in all communities to become exporters for the first time or to expand and increase export by targeting key strategic markets and promoting unique value-added products and services that are in demand around the world.
- **Attract and grow high-value investments from domestic, national, and international companies** to expand Nova Scotia opportunities in key targeted sectors such as financial services, information and communications technology, ocean technology, aerospace and defence, and creative industries, as well secure job creating investments in targeted regions such as Nova Scotia's rural communities by bringing value-added sustainable innovation to the traditional sectors of mining, forestry, agriculture, aquaculture and fisheries.

- **Establish Nova Scotia as an international jurisdiction of choice** in which to invest, work, and do business.

Global Economic Environment

Nova Scotia does business in a global economy and is impacted by what's happening across Canada and around the globe. Because growth depends on our ability to export our products and services to larger markets outside our borders, it is important to have regard for the state of the economy in national and international markets.

The recovery from the 2009 global recession has been slower than expected, largely due to varying growth among major world economies, with some rebounding quicker than others.[2] The recovery in China, the United Kingdom, and the United States has been strong; however, China's growth is beginning to soften. Sluggish growth in continental Europe, Japan, Russia, and Latin America has also slowed global recovery.[3]

The end of 2014 brought with it a sharp drop in the price of crude oil, which has had significant impacts both globally and here at home. Since crude oil exports are a large contributor to Canada's economy, the value of the Canadian dollar compared to the US dollar has been dropping. The drop of the Canadian dollar was also influenced by the decision of the Bank of Canada to cut interest rates from 1 per cent to 0.75 per cent, and there is speculation that further cuts can be expected.

The drop in the value of Canadian dollar is expected to last through the end of 2016.[4] What does this mean for Nova Scotia? While the low Canadian dollar will put pressure on Canadian consumers, who will have to pay more for goods and services from outside the country, it will help make Nova Scotia's exports more attractive to customers in the United States. All things considered, Nova Scotia will most likely see higher growth in terms of real GDP when compared to the national average through the end of 2016.[5]

As a result of the drop in the global price of crude oil, Alberta's GDP is expected to shrink by 6.6 per cent in 2015.[6] A decline in Alberta's economy could bring some Nova Scotians who have left the province for work out west back home. However, despite a projected drop in employment, Alberta's unemployment rate is still expected to be significantly lower than Nova Scotia's, which will likely limit the number of Nova Scotians returning eastward.[7]

2 United Nations. *Global Economic Outlook*. Chapter 1: World Economic Situation and Prospects 2015. New York, NY (January 2015).

3 The World Bank. *Global Economic Prospects: Having Fiscal Space and Using It*. Chapter 1: Global Outlook. Washington, DC (January 2015).

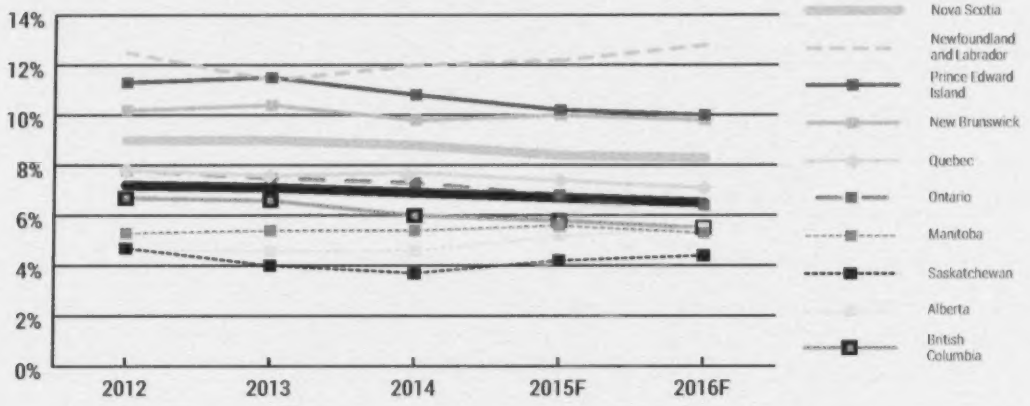
4 Scotiabank. *Foreign Exchange Outlook*. Toronto, ON (February 2015).

5 TD Economics (www.td.com/economics). *Canadian Provincial Economic Forecast Update* (January 2015).

6 TD 2015.

7 BMO Capital Markets Economics. *Provincial Economic Outlook* (February 2015).

Unemployment Rate Distribution, by Province[8][9]



Core Business Functions

Nova Scotia Business Inc.'s core business functions focus on attracting global investment to Nova Scotia to create new jobs across the province and helping Nova Scotia's businesses grow and succeed in the global economy, through business advisory services, skill development and training, financing, and support in accessing global markets. Generating awareness of Nova Scotia as an attractive business jurisdiction in the global economy plays a critical foundational role in growing exports and investment, as does ensuring a positive, export-oriented business culture here at home.

Trade

"Nova Scotia has a small domestic market. For most businesses to grow significantly, whether goods producers or service providers, they have to access larger external markets through trade activities. In a small economy, it is difficult to imagine how a lasting economic turnaround and renewal might be accomplished without a lot more businesses generating a lot more exports of goods and services than is currently the case."[10]

"There is no question that the decline in international exports from Nova Scotia has played a role in the province's weak economic performance in recent years."[11]

When it comes to increasing the total annual value of exports and expanding the number of Nova Scotia businesses exporting and to meet the goals established by the Nova Scotia Commission on Building Our New Economy, Nova Scotia must begin to climb to a considerably stronger positive export position.

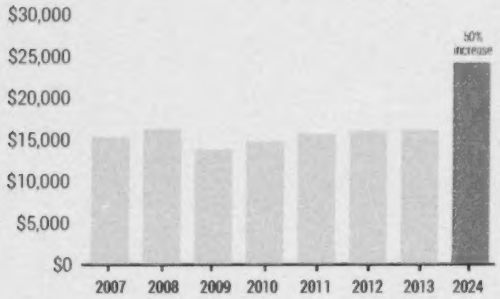
8 Statistics Canada. CANSIM table 282-0087 and Catalogue no. 71-001-XIE.

9 BMO 2015.

10 Ivany et al. 2014, p. 31.

11 Campbell, David. "Fostering more export-based entrepreneurs in Nova Scotia," in Ivany et al. 2014, p. 184.

Total Annual Value of Exports ($ millions)



Total Exports[12]

In order to drive export growth, Nova Scotia Business Inc. will immediately develop a robust evidence-based, targeted trade strategy that maximizes opportunities for Nova Scotia companies with exportable value-added products and services and delivers measurable results through focused efforts in markets with the greatest opportunity. Nova Scotia must, and accordingly Nova Scotia Business Inc. will, drive export as a first priority.

Investment

> "We cannot control the major forces shaping the global economy, but we can heighten our responsiveness to opportunities that emerge from these changes, especially if we focus our resources wisely."[13]

More and more jurisdictions are pursuing decreasing levels of foreign direct investment (FDI) dollars. The increased global competition for FDI dollars will require Nova Scotia Business Inc. to fine tune our attraction strategy, building on our past success and focusing our limited resources wisely to maximize the impact of our efforts.

Attracting foreign direct investment, which encompasses new investments from outside Nova Scotia both within Canada and abroad, plays an important role in economic growth:

- It is estimated that every $1 of new FDI leads to $1 in additional domestic investment.
- FDI is export intensive, highly productive, and accelerates supplier development through strategic partnerships or joint ventures with local companies.
- FDI stimulates innovation and can be a catalyst for research and development.
- International companies hire more new graduates and immigrants, invest more in training and development of their staff compared to domestic employers, and pay higher-than-average wages.
- FDI companies provide expanded supply-chain opportunities.
- FDI injects new skills and knowledge into our economy, which seeds the next wave of entrepreneurs and develops Nova Scotia's world-class workforce.

Nova Scotia has unique assets and advantages that are valuable to global companies: our highly skilled and educated workforce, our ports and gateway, time zone advantages, reliable infrastructure, a competitive cost model, and proximity to global markets. Nova Scotia Business Inc. will capitalize on these advantages, refine our approach to attracting foreign direct investment, and identify the companies best suited for success through a Nova Scotia location.

12 Nova Scotia Department of Finance and Treasury Board. Daily Stats, November 18, 2014. Nova Scotia Total Trade Components 2013.

13 Tom Traves. *Review of Economic Development Assistance Tools: Assessment of Current Practices and Future Potential for Nova Scotia* (2014), p. 7.

Nova Scotia Business Inc. also helps Nova Scotia businesses secure investment in order to drive growth. Our focus is on small to medium-sized businesses that are committed to driving sustainable, competitive growth through export. Nova Scotia Business Inc. provides facilitation and referral services, programs, and direct access to capital to improve competitiveness and productivity aimed at increased export. We are well positioned to support the growth of investment from domestic companies through the Capital Rebate Program (CRP) and the Small Business Development Program (SBDP). The CRP and SBDP will target the support of globally competitive exporting companies in all communities with plans to expand in the province.

Marketing and Communications

One of the biggest challenges for any small jurisdiction, such as Nova Scotia, that competes in the global economy is building awareness. Although Nova Scotia is often recognized by its homegrown successes, the companies that have chosen to do business here, and by its unique assets, there remains considerable work to be done to build Nova Scotia's profile in key global markets.

Nova Scotia Business Inc. will work with its partners to build awareness, outside our borders, of key sectors in Nova Scotia, such as financial services, information and communications technology, aerospace and defence, ocean technology, and creative industries. Nova Scotia Business Inc. will serve as Nova Scotia–brand ambassadors in national and international markets.

The oneNS report has highlighted the need for an attitude and cultural change across Nova Scotia. Nova Scotia Business Inc. recognizes and embraces the role we play in building our domestic business culture. We will be a positive business voice, continuing to build on our networks across all regions of the province, celebrating success and advocating for looking first beyond our borders to grow our economy.

Strategic Goals and 2015–2016 Annual Priorities

Nova Scotia Business Inc. has outlined the following goals and annual priorities to deliver on our mandate:

1. Increase the Total Annual Value of Nova Scotia Exports.

- Working with our partners, identify key strategic growing export markets where Nova Scotia firms have a competitive advantage – Eastern United States, emerging markets in Asia, and free trade opportunities in Europe.
- Develop a targeted export growth strategy and plan that focuses specifically on small and medium-sized enterprises (SMEs) with a competitive advantage that recognizes and supports the unique business needs within communities across the province.
- With partners, support the development of strategic sector and micro-cluster growth plans that focus on industries with export potential and in which Nova Scotia can build scale.

- Identify and proactively reach out to companies that produce high-value goods and services and have the potential to export or expand export to Nova Scotia Business Inc.'s key export markets.
- Support Nova Scotia businesses in identifying and entering targeted export markets through outcomes-focused export readiness initiatives, robust market-entry intelligence, and targeted in-market relationship building.
- Help experienced exporters to expand into key markets through results-driven trade missions and by advancing export transactions and projects through in-market advocacy.
- Build on Nova Scotia's strong base of creative industries by helping them thrive in Nova Scotia and expanding the exports of our creative industry's goods and services into new markets.
- Through market intelligence, supply-chain insight, and supporting sustainable innovation in traditional sectors, help Nova Scotia businesses gain greater competitive advantage and market share.
- Celebrate Nova Scotia's export success and bring together exporters in all communities through annual provincial Export Achievement Awards.

2. Grow the Number of Firms in All Communities Participating in Export.

- Refine Nova Scotia Business Inc.'s trade program to support and give preference to businesses exporting high-value goods and services and those exporting to Nova Scotia's key export markets.
- Develop and implement a robust, targeted first-time exporter strategy aimed at identifying and supporting potential high-value exporters in all communities.
- Break down the silos and create partnerships between Nova Scotia companies and FDI investors in Nova Scotia. Connect Nova Scotia businesses with global value-chain opportunities created by FDI clients.

3. Secure Increased Investment and Payroll Expenditures from Domestic, National, and International Companies in Order to Grow and Expand Businesses in the Province.

- Develop a concrete strategy and plan focused on attracting sustainable investment in targeted sectors across Nova Scotia that recognize and promote the unique assets within communities across the province.
- Identify companies with a competitive advantage to be gained from locating in Nova Scotia, maximize outreach initiatives, and attract prospective companies to visit Nova Scotia, engaging partners and stakeholders to maximize our impact.
- Revise and revamp the payroll rebate guidelines to maximize efficiency and return on investment to the province.
- Provide business advisory and navigation services to new FDI businesses, facilitating effective connections to drive their growth once in the province.
- Continue to provide advice and tools for partners in all communities to assist in increasing the province's competitiveness

and improving our ability to identify and respond to new investment opportunities.

- Leverage the Capital Rebate Program to assist and incent domestic, globally competitive exporting companies across all regions of the province.
- Assist small and medium enterprises, entrepreneurs, and start-ups across the province in identifying and accessing sources of capital, through training, navigation assistance, and facilitation.
- Target the Small Business Development Program to support globally competitive exporting companies in all communities in the province with plans to expand.

4. Establish Nova Scotia as an International Jurisdiction of Choice in which to Invest, Work, and Do Business.

- Working with our partners, further crystallize Nova Scotia's value proposition and competitive location advantage, highlighting our highly skilled and educated workforce, ports and gateway, reliable infrastructure, and competitive cost model.
- Develop a cost efficient marketing and communications strategy and plan to build awareness of Nova Scotia as an attractive business jurisdiction in targeted key markets that recognize and promote the unique assets within communities across the province.
- Develop and implement an engagement strategy to deepen and strengthen Nova Scotia Business Inc.'s international relationships with embassies, consulates, and trade commissioners in key markets.
- Working with our partners, develop and implement a robust workforce attraction strategy.
- Identify and capture testimonials from globally successful companies in Nova Scotia to promote and showcase the province as an attractive business jurisdiction.
- Capitalize on Nova Scotia's export and investment growth to promote Nova Scotia as an international jurisdiction of choice.

5. Strengthen Nova Scotia's Business Climate Confidence and Export Culture.

- Review, map, and streamline the application processes for Nova Scotia Business Inc.'s programs and services to ensure ease of navigation, efficient delivery of information, and speed of response to business.
- Maximize information technology and associated systems to provide a user-friendly, accessible, and easy-to-navigate application process for businesses.
- Working with the Regional Enterprise Networks and other economic development partners, coordinate and reduce duplication of effort and emphasize Nova Scotia Business Inc.'s role as a key point of contact for business in all communities.
- Through daily interaction with businesses across the province, listen for the obstacles and challenges standing in the way of private sector growth to better position Nova Scotia Business Inc. as a provincial voice for business.
- Develop and implement a strategy that maximizes Nova Scotia Business Inc.'s advisory and navigation services in all

communities, connecting businesses with expertise, programs, and resources to support their growth and competitiveness.

- Promote and celebrate Nova Scotia's business success stories, and share lessons learned from unsuccessful business ventures to reduce negative stigma and celebrate a culture of entrepreneurship.

Budget Context

	Budget 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Revenue			
Provincial grants:			
Operating grant	10,017	9,967	14,041
Strategic investment funds	8,509	9,284	11,482
Loan valuation allowance	2,420	2,420	716
Gain on sale of properties	1,123	1,172	0
Capital/revaluation gain (loss)	1,630	0	0
NS Business Fund revenue: loans & equity	2,959	2,937	2,476
NS Business Fund revenue: real properties	662	1,086	615
Misc. revenue	2,639	3,170	2,530
Total revenue	**29,958**	**30,035**	**31,860**
Expenses			
Operating expenses	12,655	12,838	16,571
Strategic investments expenses	8,509	9,284	11,482
Provision for credit losses	2,637	21,637	716
NS Business Fund expenses: real properties	3,289	2,930	*1,801
NS Business Fund expenses: loans & equity	2,094	2,299	2,087
Total expenses	**29,184**	**48,988**	**32,657**
Surplus (deficit) of revenue over expenses	**774**	**(18,952)**	**(797)**

* Reflects a one-time cost ($652) associated with the removal of industrial drywall waste from a Nova Scotia Business Inc.–held property.

Performance Measures

Nova Scotia Business Inc. has historically focused on measurements of activity to evaluate the results of the organization. While activity remains important and will continue to be tracked and monitored, going forward the organization's performance will instead be measured on outcomes-based results.

Outcomes-Based Metrics

In 2015–2016, Nova Scotia Business Inc. will be identifying and instituting the metrics and checkpoints to ensure that our efforts are measured based on outcomes and results achieved by our private sector clients. Outcomes-based metrics will be developed to measure Nova Scotia Business Inc.'s results, through our clients, in the following four key areas:

1. Trade
2. Investment/payroll
3. Awareness and perception of Nova Scotia
4. Nova Scotia's business climate

A client survey will be conducted early in the 2015–2016 fiscal year to establish benchmarks in each of these four areas. As a means of measuring Nova Scotia Business Inc.'s impact on the success and growth of their business, Nova Scotia Business Inc. will continue to measure client progress throughout 2015–2016 with respect to trade growth, investment in Nova Scotia, and perceptions of the business climate in the province.

The following section provides detail on the types of metrics that are currently under examination to evaluate the results against the Nova Scotia Business Inc. goals established for 2015–2016.

Trade: *Increase the total annual value of Nova Scotia exports.*

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Nova Scotia businesses exporting a higher value of goods and services	Client-reported actual export sales (include both domestic and international companies' sales) compared with one year prior	Increase the actual export sales of Nova Scotia Business Inc.'s clients by at least 5%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Trade: *Grow the number of firms in all communities participating in export.*

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
More Nova Scotia businesses exporting	Number of Nova Scotia Business Inc. clients reporting their first-ever export sale in 2015–16	A minimum of 15 additional Nova Scotia Business Inc. clients report their first ever export sale	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Investment/Payroll: *Secure increased investment and payroll expenditures from domestic, national, and international companies in order to grow and expand businesses in the province.*

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Increase in the actual payroll reported from Nova Scotia Business Inc. clients	Actual payroll in 2015–16 generated by Nova Scotia Business Inc. clients	Increase the actual payroll generated by Nova Scotia Business Inc.'s clients in 2015–16 by at least 10%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the value of capital investment in Nova Scotia	Amount of leveraged capital investment in Nova Scotia by CRP clients	Increase the amount of leveraged capital investment by Capital Rebate Program clients by a minimum of 4.25%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the value of capital investment in Nova Scotia	Amount of capital investment in Nova Scotia by Nova Scotia Business Inc. clients not participating in the CRP	Increase the amount of capital investment by Nova Scotia Business Inc.'s non Capital Rebate Program clients by at least 5%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Awareness and Perception of Nova Scotia: *Establish Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business.*

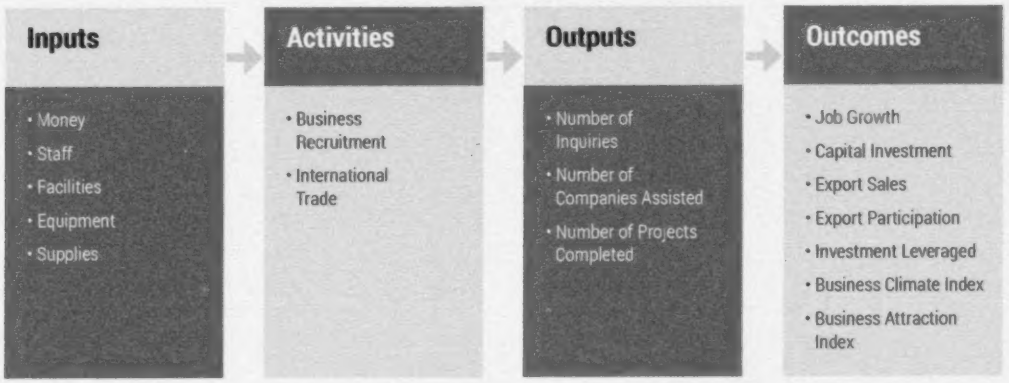
Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Greater recognition of Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business	Generate positive earned media	5% increase in positive earned media	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Greater recognition of Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business	Increase in the number of new engaged visitors to Nova Scotia Business Inc. website	15% increase in the number of new engaged visitors to Nova Scotia Business Inc. website	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
More companies choosing Nova Scotia as a location to establish a business	Number of Nova Scotia Business Inc.'s FDI transactions	Increase in the number of Nova Scotia Business Inc.'s FDI transactions by a minimum of 10%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the value of capital investment in Nova Scotia	Amount of capital investment in Nova Scotia by Nova Scotia Business Inc. clients	Increase the amount of capital investment by Nova Scotia Business Inc.'s clients by at least 5%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the actual payroll reported from Nova Scotia Business Inc. clients	Actual payroll in 2015–16 generated by Nova Scotia Business Inc. clients	Increase the actual payroll generated by Nova Scotia Business Inc.'s clients in 2015–16 by at least 10%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Nova Scotia's Business Climate: *Strengthen Nova Scotia's business climate confidence and export culture.*

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Improvement in rating of Nova Scotia's business climate	Improvement in business climate index among Nova Scotia Business Inc. clients	Achieve an upward trend in the business climate index among Nova Scotia Business Inc. clients	2015–16 will be a benchmark year for data Business climate index to be developed	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the reach of Nova Scotia Business Inc. across the province	Increase in the number of businesses working with Nova Scotia Business Inc. across the province	Nova Scotia Business Inc. working with over 900 unique businesses across the province	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Conversion Rates

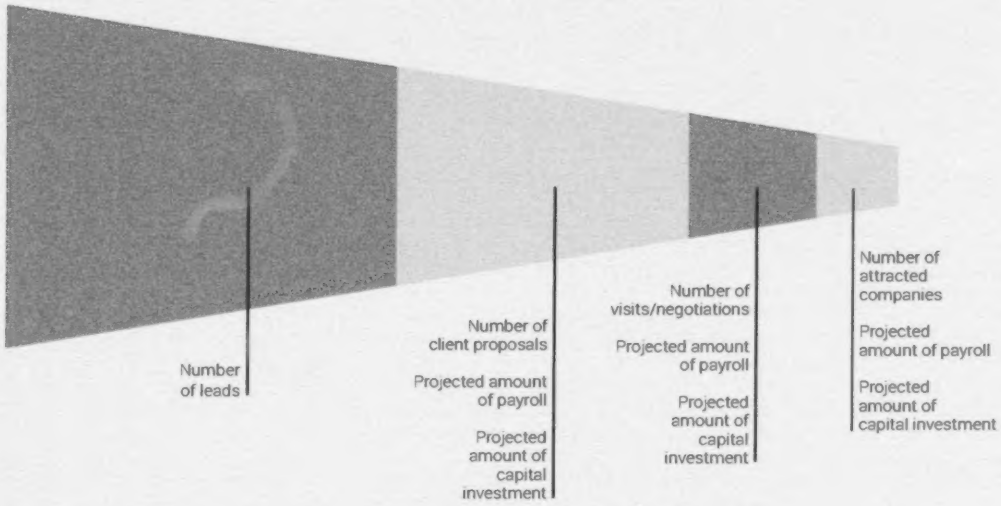
As an indicator of organizational effectiveness, we will continue to track and evaluate how Nova Scotia Business Inc. activity leads to results. Nova Scotia Business Inc. will complete a conversion rate analysis through collecting and examining data from 2015–2016 client interactions, as illustrated below.



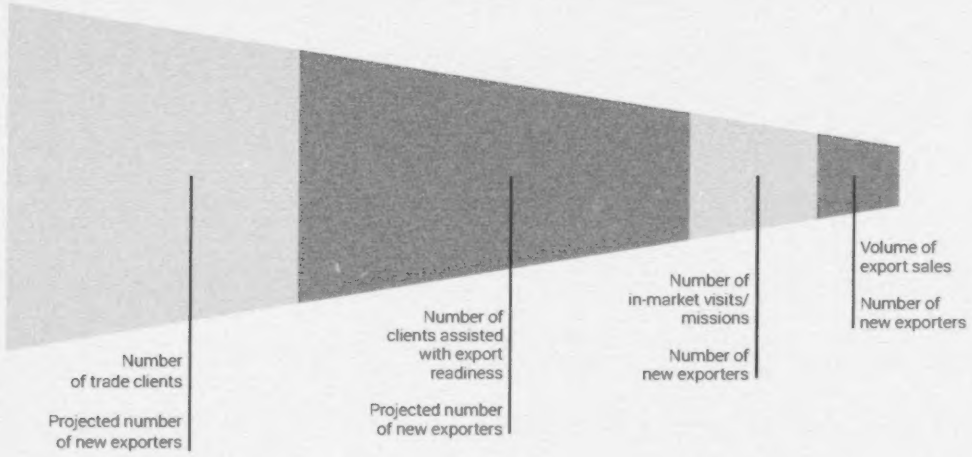
Benchmarking

The following will be benchmarked in 2015–2016 to measure outcomes-based results:

Investment Attraction – Activity to Results


Number of leads
Number of client proposals
Projected amount of payroll
Projected amount of capital investment
Number of visits/negotiations
Projected amount of payroll
Projected amount of capital investment
Number of attracted companies
Projected amount of payroll
Projected amount of capital investment

Trade – Activity to Results


Number of trade clients
Projected number of new exporters
Number of clients assisted with export readiness
Projected number of new exporters
Number of in-market visits/ missions
Number of new exporters
Volume of export sales
Number of new exporters

Appendix 1

Strategic Investment Funds Pursuant to NSBI Regulations

Policies and Guidelines/Procedures, NSBI 2015–2016 Business Plan

	Payroll Rebate
Overview	The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted payroll generation and maintenance or creation of employment. This financial incentive may be used when it can be shown that an applicant's project generates an economic benefit to the province, which may include export development, investment in the province, or improved competitiveness of existing businesses, in one or more of the province's key economic sectors.
Amount	Rebates will be equivalent to between 5% and 10% of the applicant's gross payroll, depending on the applicant's strategic location or business sector and the economic benefit generated to the province. Additional rebate may be considered where the applicant is hiring individuals with specific skills or experience or are new members of the Nova Scotia workforce, or is increasing export activity. All other Nova Scotia provincial government assistance with respect to the project must be disclosed and may influence the rebate amount.
Eligibility	The applicant's business must be considered eligible according to NSBI's operating regulations. Applications for assistance must be project-based. Projects are expected to create or maintain sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance. By undertaking projects to improve their competitiveness or increase activity in export markets through either productivity improvements or investments in product development, companies may be eligible for a payroll rebate to maintain operations and payroll. Eligibility requires that all projects should result in the maintenance or creation of at least 20 jobs (FTEs) in Nova Scotia. Projects creating or retaining fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit. Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is either incremental to the peak FTE level attained by the company under the previously provided assistance or it encourages private investment and contributes to sector development. Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered. The Applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).
Application Requirements	• Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company. • Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk. • Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.

	Payroll Rebate
Criteria	The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be mainly export oriented and/or be in a strategic economic sector. The company must also demonstrate • strong management (corporate and local) • compliance with Environment Act, Occupational Health and Safety and Labour Standards Code (if already established in Nova Scotia) • economic benefit to the province (e.g., estimated number of jobs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution) • an acceptable credit history
Performance Conditions	Assistance is contingent on specific targets the company must achieve, which will typically be the creation or maintenance of (x) jobs by (date) with an average annual salary/wage of $ (amount). These targets are expected to still be in place at the end of the rebate period. Companies may be required to achieve additional targets with respect to project completion, including investment or export targets. The applicant must provide an annual report, which will typically be an auditor's report, certifying that the employment, wage, and other targets have been achieved. The report must contain the following information: • Incremental and/or maintained gross wage or payroll bill (including benefits) and the number of incremental and/or maintained employees and hours worked according to the company's records on each anniversary date from the project commencement; • Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement; • Incremental and/or maintained employees province of residence; and • Applicable export, investment and project details.
Payment Terms	Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement. In most cases, rebates will be paid annually on each anniversary from the project commencement. Payment terms generally average five years.

	Management Development and Support
Overview	Management Development and Support is a discretionary, non-entitlement tool intended to assist Nova Scotia small and medium-sized businesses in addressing deficiencies in management capabilities, especially with respect to financial and operations management. Many small and medium-sized businesses have deficiencies in management and management information systems. This may include a lack of skills on the part of an owner-operator, lack of internal financial or operational expertise, or poor information systems. These issues can pose serious threats to growing companies and may prevent otherwise sustainable companies from accessing conventional forms of financing. The program is anticipated to have the following benefits: • Decrease NSBI loan write-off rates by addressing management deficiencies of lending clients. • Improve the ability of Nova Scotia SME's to attract conventional financing and reduce the need for government capital sources. • Improve the success rate of growing companies by providing critical support in the area of financial management before problems arise.
Eligibility	The applicant's business must be considered eligible according to NSBI's operating regulations. The company must be a lending or facilitation client of NSBI Business financing.
Application Requirements	• Completion of an application form. • Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company. • Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk. • Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.
Criteria	The company must have reasonable prospects (business plan) for continued growth and success. Qualified expenditures will include • support for owner/operators in the area financial and operations management • funding for external consultation or support beyond that normally provided by external accounting professionals • cost share for investment in upgrading internal information systems • cost to establish a board, advisory board, or mentor support The program is intended to supplement assistance available through existing provincial or federal programs. The company may be directed to access other funding sources if applicable. The company must demonstrate compliance with the Income Tax Act (Canada), Environment Act, Occupational Health and Safety and Labour Standards Code.
Payment Terms	NSBI will provide assistance to offset qualified expenditures, with assistance disbursed directly to service or product providers.

Appendix 2:

Nova Scotia Business Fund

The Nova Scotia Business Fund is the source of capital for Nova Scotia Business Inc.'s business financing and equity financing clients. The portfolio currently has approximately $114 million outstanding to more than 80 companies located throughout the province. For 2015–2016, net new capital needed for Nova Scotia Business Inc. to continue to meet the financing needs of Nova Scotia businesses is estimated to be $3 million, with repayments of current outstanding investments estimated to be about $7 million.

Guidelines for the Nova Scotia Business Fund provide direction for investment decisions and the make-up of the portfolio. These include the following:

- Annual sector investment targets:
  - traditional: 16%
  - knowledge-based (information and communications technology and life sciences): 20%
  - manufacturing: 45%
  - energy: 9%
  - ocean technology: 5%
  - other: 5%
- $15 million maximum per company (investments exceeding this amount will be considered in exceptional circumstances)
- Maximum of 58% of the Nova Scotia Business Fund available for working capital / equity investments (target of 8% maximum available for working capital and target of 50% maximum available for equity investments)
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization)

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Crop and Livestock Insurance Commission
Business Plan 2015–2016

Contents

Message from the Minister, Chair, and CEO
Mission
Link to the Department of Agriculture Mandate
Planning Context
Strategic Goals
Core Business Area
Priorities for 2015–2016
Finance
Budget Context
Outcome and Performance Measures

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2015–2016. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses. This business plan supports the province's priorities of fiscal sustainability, economic growth, and demographic stability.

The AgriInsurance product line continues to expand the opportunities for risk transfer in the production of agricultural products. The commission continues to expand its product line, offering increased benefits and more insurance options. These products are developed and tested in Nova Scotia for the province's unique agronomic mix and business needs.

The commission continues to work toward increased administrative efficiency, particularly related to its information management system. The development of a new information technology system to replace the current outdated and inefficient system has been identified as critical to ensuring that the commission is able to meet the needs of its clients and funding partners.

Honourable Keith Colwell, Minister
Agriculture

Mr. Avard Bentley
Chair

Mr. Bill MacLeod, PAg
CEO

Mission

The mission of the Crop and Livestock Insurance Commission is to provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop yields or animal production losses due to insurable perils.

Link to the Department of Agriculture Mandate

The Department of Agriculture has a mandate to support the development of a competitive, sustainable, and profitable agriculture and agri-product industry that contributes to the economic, environmental, and social prosperity of Nova Scotia's rural and urban communities. The Nova Scotia Crop and Livestock Insurance Commission supports this mandate by providing agricultural entrepreneurs with the opportunity to cover off some of the risk of financial losses caused by crop failures, thus supporting and strengthening the fabric of rural economies in Nova Scotia. The commission supports a climate that fosters private sector economic growth, through its crop- and livestock-based insurance programs, encouraging good jobs and economic growth in the province's rural communities. The commission also contributes to demographic stability in rural communities by supporting entrepreneurial investment by existing farms and new entrants (including immigrants) into the agricultural industry. The introduction of additional insurance products, through collaboration with industry stakeholders, will provide more farm producers with access to AgriInsurance and expand the risk management options for those already actively managing their production risks.

Planning Context

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Nova Scotia Crop and Livestock Insurance Act.

The commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry under the AgriInsurance platform. It administers 14 crop insurance plans, a dairy livestock insurance plan, and a poultry insurance plan. The commission also administers a Wildlife Compensation Program under the AgriInsurance platform, which, while not an insurance-based program, compensates farmers for losses as a result of uncontrollable wildlife. Cost sharing of AgriInsurance (also known as Production Insurance and Crop Insurance) in Nova Scotia is governed by *Growing Forward 2*, a federal-provincial-territorial framework agreement on agriculture, agri-food, and agri-based products policy. This agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance

programs. By design, AgriInsurance is required to be a fiscally self-sustaining partnership, with cost sharing by producers and both the federal and provincial governments.

Federal and provincial policy direction has encouraged the expansion and strengthening of the role of the AgriInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context, the commission is continuing to develop insurance products for crops and livestock that have not traditionally been covered under AgriInsurance in Nova Scotia.

Administratively, the commission will continue to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to five years. The commission operates with a relatively small staff, and the ability to refill positions directly impacts the delivery of the commission's programs. The commission will continue to review staff training and development needs during the coming year.

Since 2005, the commission has recognized the need to improve its service delivery and, in particular, to modernize its information management capabilities. While progress has been slow and has suffered from a number of setbacks, this work has been identified as a critical need for the effective delivery of the commission's programs and services. A renewed emphasis on the redesign of the commission's IT infrastructure has recently resulted in significant improvements. This work will continue over the next two or three years, using internal resources and a phased approach to modernize these systems.

Strategic Goals

- Stabilize agricultural business incomes through the provision of fiscally responsible and sustainable insurance products to support the economic growth of the province.
- A competitive, sustainable, and profitable farm industry proactively managing risk through income-stabilizing insurance-based programs.
- A modern, highly responsive, efficient, reliable, and secure service delivery system.

Core Business Area

The core business of the Nova Scotia Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. Its business is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management chapter (Part III, Annex B) of *Growing Forward 2*.

Priorities for 2015–2016

A key priority of the commission is to increase the insurance coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of clients using AgriInsurance or by increasing the number of products offered and the range of options available to clients. In support of a competitive business climate that stabilizes farm incomes and encourages

economic growth and increases jobs in Nova Scotia's rural and coastal communities, the commission will pursue increased program participation through the following.

1. Program Expansion/ Enhancements

a. The commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans (e.g., Potato Plan updates, updates to Dairy Livestock Plan, and revisions to the Weather Derivative Plan).

b. The commission will work with industry stakeholders on the development of new insurance programs in sectors such as grapes.

c. The commission will continue with updating the form and content of the current Dairy Regulation.

d. Commission staff will continue development of an acreage-loss program for vegetables to provide an innovative option to conventional yield-based insurance plans.

e. The commission will continue to work with stakeholder groups to review the effectiveness of its Wildlife Compensation Program.

2. Administrative Priorities

a. Over the next two years, using a phased approach, the commission will continue to modernize its information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data-handling system.

b. The commission will continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.

Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The implementation agreement under *Growing Forward 2* provides for reimbursement of 60 per cent of the administrative costs relative to AgriInsurance and Wildlife Compensation. Premiums paid by clients and by the federal government are not included in the departmental budget figures and are administered directly by the commission.

Outcome and Performance Measures

Business Risk Management (BRM) programs such as AgriInsurance were created and are designed to provide income stability to farm businesses. The following measures focus on the level of participation of the industry in this program. The last national BRM survey (2010) found that 97 per cent of respondents felt that AgriInsurance was effective in mitigating financial impacts of production losses. Future provincial surveys are planned to solicit feedback from Nova Scotia producers on their perception of AgriInsurance as an income-stabilizing tool.

Note: The base year 2008–2009 represents the start of the *Growing Forward* agreement, which ended in 2012–2013 and was replaced by *Growing Forward 2*. The Ultimate Target (2017–2018) marks the end of the Growing Forward 2 agreement.

Budget Context

Estimate of Income and Fund Balances

	Authority 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Budget 2015–16 ($ 000)
Revenues			
Insurance premiums paid by clients	868	820	823
Insurance premiums contributed by government (federal)	736	688	736
Wildlife compensation payments (federal)	150	90	150
Insurance premiums contributed by government (provincial)	491	459	491
Wildlife compensation payments (provincial)	100	60	100
Interest income	75	70	70
Total revenues	**2,420**	**2,187**	**2,370**
Expenses			
Indemnity claims	2,000	1,919	1,900
Wildlife compensation payments	200	150	250
Reinsurance premiums	0	0	0
Bad-debt expense	5	5	5
Total expenses	**2,205**	**2,074**	**2,155**
Net income from insurance activities	**215**	**113**	**215**
Crop and Livestock Insurance Fund balance			
Beginning of year	3,088	3,864	3,977
End of year	3,303	3,977	4,192
Administrative expenses			
Government contributions (Canada)	629	586	629
Government contributions (Nova Scotia)	456	424	456
Total administrative expenses	**1,085**	**1,010**	**1,085**
Net government expenditure			
Canada (premium + administration)	1,515	1,364	1,515
Nova Scotia (premium + administration)	1,047	943	1,047
Total program expenditure	**2,562**	**2,307**	**2,562**

Outcomes and Performance Measures

Core Business Area *Delivery of insurance products for production agriculture*

Outcome	Measure	Data Base Year 2008–09	Target 2015–16	Ultimate Target 2017–18	Trends	Strategies to Achieve Target
Increased income stability of farm businesses	Number of AgriInsurance contracts	700	800	900	2010–11: 745 2011–12: 659 2012–13: 674 2013–14: 737	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.
	Value of coverage	$127.8 million	$140 million	$150 million	2010–11: $140.8 million 2011–12: $141.2 million 2012–13: $177.6 million 2013–14: $161.4 million	Introduce new insurance programs, expansion of existing plans.
	Number of AgriInsurance products available	36	50	55	2010–11: 38 2011–12: 41 2012–13: 47 2013–14: 47	Measure results of the introduction of new plans.
	Value of compensation paid for wildlife damage	$110,000	$200,000	$250,000	2010–11: $201,000 2011–12: $183,000 2012–13: $82,000 2013–14: $77,381	Include feceral and provincial compensation paid to producers for damage from wildlife. Continue promotion of this program.

Core Business Area *Delivery of insurance products for production agriculture*

Outcome	Measure	Data Base Year 2008–09	Target 2015–16	Ultimate Target 2017–18	Trends	Strategies to Achieve Target
	Ratio of insured production to total value of all products eligible for insurance in NS (excluces livestock)	25.25%	30%	50%	2010–11: 30.41% 2011–12: 23.44% 2012–13: 23.11%	Measure the uptake by producers of the programs offered by AgriInsurance Continued promotion of the program improvements to existing plans
	Ratio of agricultural products eligible for insurance to value of all agricultural products in NS (excludes livestock)	57.78%	60%	75%	2010–11: 44.31% 2011–12: 60.64% 2012–13: 57.17%	Measure the portion of Nova Scotia's agricultural industry being offered AgriInsurance coverage. Develop new plans, improvements to existing plans.

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Business Plans
for the fiscal year 2015–2016

Nova Scotia Farm Loan Board
Business Plan 2015–2016

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Message from the Minister and the Board Chair

We are pleased to present the Nova Scotia Farm Loan Board business plan for 2015–2016. The plan outlines the board's goals and priorities for the coming year in line with its mission and mandate.

The primary focus of the board continues to be the provision of agricultural financing and of credit counselling in order to advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

The Honourable Keith Colwell, Minister
Nova Scotia Department of Agriculture

Arnold Park, Chair
Nova Scotia Farm Loan Board

Mission

The Nova Scotia Farm Loan Board supports the development of agriculture and agri-rural business in Nova Scotia through responsible lending.

Vision

The Nova Scotia Farm Loan Board is a leader in agricultural lending, creating opportunities in rural Nova Scotia.

Mandate

The mandate of the Farm Loan Board is to support the agricultural industry through the provision of long-term, fixed-rate lending products to those clients demonstrating sound business fundamentals and commitment to the future growth and sustainability of the industry.

The board operates as a corporation of the Crown under the authority of The Agriculture and Rural Credit Act. The act was initially proclaimed in 1989 and amended December 2011 to modify the number and terms of service of directors and to clarify the board's powers and processes. This act provides authority to the board to make or guarantee loans for the purpose of acquiring or improving any farm, plant, machinery, or equipment; to acquire, hold, and dispose of farms, buildings, livestock, machinery, quota, and lands; to collaborate with the Department of Agriculture personnel; and to take on other purposes, duties, and powers as the minister approves.

The board functions as the Timber Loan Board (for loans to forest-product mills) as well as the Nova Scotia Farm Loan Board. The Timber Loan Board's authority is from regulations made pursuant to the *Revised Statutes of Nova Scotia, 1989*, The Forest Act, in Section 20 of Chapter 179. The Forest Act provides for credit to acquire forested land for forest-product mills and establishes the Timber Loan Board, using the same chairman, members, and staff as the Nova Scotia Farm Loan Board.

Our History

Active since 1932, the Nova Scotia Farm Loan Board is an agricultural development agency acting to build greater prosperity. It supports agricultural and rural business development by providing long-term loans at fixed interest rates and financial counselling services. A corporation of the Crown, the board collaborates with the Nova Scotia Department of Agriculture. The board's mandate includes operation as the Timber Loan Board in dealing with applicable loans.

Availability of credit with stable term rates or rates fixed for the full amortization period and understanding the agricultural industry, including cyclical swings in profitability, are considered to be strengths of the board in encouraging development of this industry.

At last year-end (March 31, 2014), the board's loan portfolio totalled $179 million in loan principal. Timber loans provided to forest mills to ensure a sustainable wood supply totalled $1.8 million for the forest industry. Primary stakeholders in both the Nova Scotia Farm Loan Board and Timber Loan Board roles include individual and potential borrowers and the province, in particular the Departments of Agriculture, Natural Resources, and Finance

and Treasury Board. Other important stakeholders include the Nova Scotia Federation of Agriculture and the various commodity groups, commercial lenders, equipment and feed suppliers, the wholesale and retail sectors for products produced in Nova Scotia, and others concerned with economic development in rural areas.

Planning Context

External Context

In general

The agricultural industry is affected by weather and by conditions in competing regions, which may affect general price levels for commodities produced, as well as by market conditions, including the effects of branding, consolidation and national purchasing, and market access. Weather conditions and any change in expected patterns present an obvious concern to agriculture.

We continue to see a trend toward fewer, larger farms – a trend particularly noticeable in the dairy and poultry sectors. The succession of farms and intergenerational transfers is a priority for the industry. Changing technology, food safety concerns, and implementation of related health protection measures are common challenges.

Technology is providing for increased mechanization and automation and is being felt in a wide range of applications. This trend is supporting a broader trend toward consolidation of agricultural operations into larger units, in attempts to gain efficiency through economies of scale. In most sectors, entry as a producer involves significant initial cost for specialized buildings and equipment and quota (for supply-managed sectors). Larger operations and high start-up costs present difficulties to new entrants and for intergenerational transfer of family businesses, and these difficulties must be addressed.

Producers must be constantly aware of environmental concerns, and they must maintain up-to-date skills, procedures, and facilities and equipment to meet today's standards and regulatory requirements. The increasing public desire to buy locally produced food is a positive development, improving opportunities within the province for producers of many commodities.

Through the development of sound lending practices and comprehensive financial analysis and risk assessment tools, the mandate of the Farm Loan Board will focus primarily on the provision of long-term and term-fixed lending in support of new producers and other higher-risk borrowers demonstrating sound business fundamentals and incremental contribution to the growth of the agricultural industry in Nova Scotia.

Interest rates

Interest rates have remained low during the fiscal year. The Bank of Canada maintained its key policy rate at 1 per cent (unchanged since October 2010), until March when it was reduced to 0.75 percent. Low rates have benefited producers by expanding the range of potential funding sources and allowing earlier repayment. In some cases, amounts borrowed may be higher because of these lower-than-usual rates.

Requirements for board financing are influenced by levels of investment in agriculture and timber businesses, rates of capitalization, general economic conditions, and the availability of funding from commercial lenders. The board continues to offer fixed-interest loans with rates fixed for the full amortization period of the loan, but it also provides three-, five-, and ten-year terms on loans amortized over a longer term. Other loan options may be considered for implementation during 2015–2016, such as variable-rate loans to support short-term and accumulating requirements such as those for quota purchase.

Lending demand

Total new loan advances have ranged between $17 million and $30 million over the past 10 years. We expect that over the coming year, requirements will be in the upper end of that range. The capital authority of $35 million is expected to provide flexibility in responding to client borrowing needs in 2015–2016.

The board will seek to operate on a cost-effective basis and meet client credit needs, providing credit services, support to new entrants, analyzing risk, and collaborating with departments and industry. The board intends to remain flexible in its approach and will be open to development, loan products, or ventures that will assist agricultural development in this province.

Ongoing Planning Focus

Lending

The board understands its role to be in support of the long-term viability and development of agriculture in Nova Scotia through lending. The primary role is to ensure that loan financing is available to clients who have a reasonable likelihood of success but are unable to obtain financing at reasonable rates because they are new, they participate in a sector that has cycles of profitability, or they find, for other reasons, that banks are tightening credit.

The board also lends to clients who may have access to commercial lending. It does this to provide stability in the availability of funds and in interest rates by offering fixed rates for up to 30 years. This allows those successful clients to continue a financing relationship that may span many years and to build into their risk profile the stability that comes with a lender that has a long-term commitment to agriculture and offers fixed rates and patience during poor business cycles.

The board may on occasion act to assist agribusinesses or clients who experience financial difficulties when dealing with a commercial lender, even though the business itself appears viable, given patience, and any lending losses already experienced are borne by the initial lender.

Lending program services will meet these objectives by providing knowledge of agriculture, long-term client relationships, a client focus in developing and providing services, flexibility in lending services and repayment, counselling services, support for new entrants, and long-term lending.

When it is possible to broaden services available to clients by collaboration with other local lenders, joint lending relationships will be pursued. Assistance to new entrants and counselling for all clients continue to be important elements of the lending program. Many clients have indicated that they would prefer additional flexibility in loan options available from the board, possibly variable rates and asset-

secured operating or working-capital loans. In response to the need for short-term funding by our clients, the board has signed a Memorandum of Understanding with the Nova Scotia Co-operative Council under the Small Business Loan Guarantee Program. Credit unions can provide financing (term loans, lines of credit, and working capital) up to $500,000. Interest rates are negotiated between the applicant and the credit union. A credit union is required to take security to protect the value of the loan. The board will lend so as to support success in agriculture while continuing to bear in mind the current economic environment.

While ability to repay remains the basic criterion for granting loans, sound environmental and business planning practices and procedures will continue to be considerations, as required for industry and individual growth and sustainability.

The risk manager function, initiated during 2011–2012, has improved risk analysis and loan criteria, and has been made a part of the board's ongoing loan approval process. The board will continue to work toward strengthened lending and management information to meet lending, decision-making, and financial reporting requirements.

Strategic Goals

The following goals have been developed to meet the board's mandate and at the same time support the established goals of the Province of Nova Scotia (Prosperous businesses of all sizes – creating jobs across the province; Responsible fiscal management).

1. Growth in the Rural Economy

- By supporting growth in terms of new participants, new innovative products and ideas, and new methods of production, accepting that these entail relatively high risk, by ensuring access to stable, cost-effective, asset-backed developmental credit.
- By providing flexible loan products adapted to the needs of the agricultural industry.
- By supporting development of production for export, noting that goal 15 of the oneNS report of the Nova Scotia Commission on Building Our Economy (February 2014) calls for a doubling of exports from agriculture by 2024.

2. Growth and new participants in agriculture

- By providing support at the development and entry level of farming operations so as to ensure that the agricultural industry will be maintained and have an opportunity to grow.

Core Business Areas

Support for Departmental Priorities

Board activities support prosperous businesses in rural areas in line with the vision and principles identified in the Department of Agriculture's 10-year plan, *Homegrown Success*.

Stable access to loan financing at reasonable rates improves *sustainability* during fluctuations in economic and market conditions. Throughout the lending decision making itself, board staff use their experience to influence client plans for favorable results.

The board is committed to *collaboration* with other service providers and lenders when this will improve services available to clients.

An element of the board's portfolio is intended to support *growth* in terms of new participants, *innovation* in products and ideas, and new methods of production even though these tend to be of relatively high risk. Additional loan products may also be considered in order to meet financing needs of these growth opportunities.

While growth demands that an element of risk be accepted, the board seeks to ensure that loans are issued to successful businesses that will generate profits and repay those loans. Loan officers seek to ensure that projects approved for a loan will result in a *measureable improvement* to the business concerned, and the board seeks to provide, overall, a financing environment that sustains improvement.

All loans are issued at rates intended to cover the financing costs to the province and contribute to operating costs and losses on defaulted loans.

Loan issuance and recovery policies are designed to serve the public interest by supporting growth and development while minimizing costs.

Core Business Area 1: Lending

Providing flexible, asset-based credit for the development of agricultural businesses is the primary mandate of the Farm Loan Board. This includes loan product development, loan service development, client service and administration, and efficient and responsible financial management. It also includes financial analysis and counselling. Financial counselling is provided by loan officers as a component of loan-analysis meetings with clients and potential clients and includes assessment of projects under consideration. Loan officers assist in sourcing the best available credit.

By providing a reliable source of flexible, asset-financed credit, the board directly provides for development and growth of the agricultural and timber industries and indirectly influences credit availability at reasonable rates through its influence on, and partnership with, other participants in the lending industry.

New loan requests and approvals were down during 2014–2015, although new loans advanced remained high as loans approved in the previous year were disbursed. Loan demand is expected to pick up in 2015–2016. Loan requirements are affected by the availability of credit and the rates available from commercial lenders, developments within the industry, and expectations about future interest rates.

Core Business Area 2: Programs Administration

Administration of the FarmNext program will be transferred to the Department of Agriculture's Programs and Risk Management section effective April 1, 2015. The board will continue to give special consideration in evaluating loan requests from new entrants.

Priorities for 2015–2016

Lending

Provide up to $35 million of new loan capital to the agricultural and timber industries in the 2015–2016 fiscal year.

Lending capacity to this level will help to ensure that the industry has access to stable, cost-effective credit and will allow for lending to support development of farms to ensure sustainability, to improve efficiency, to adapt to new technology and improve profitability, and to support growth and entry of new farming operations. During 2014–2015, the board is forecast to advance $28 million and receive principal repayments of $20 million, with $1.6 million submitted for adjustment as unrecoverable. Actual lending requirements vary from year to year depending on opportunities identified.

To promote understanding of the flexibility available to clients, the board has developed specifically targeted and identified loan product offerings, reducing reliance on individual customization without limiting current options.

Credit Counselling and Risk Management

The board places importance on maintaining an understanding of agriculture, the development of relationships with clients and understanding their needs, flexibility in dealing with individual circumstances, confidential credit counselling services, and specific loan product offerings.

Accounts are managed so that write-offs and arrears conditions are monitored and minimized in relation to the portfolio size while supporting industries and individuals through cyclical downturns and working toward the best outcome for all parties.

This approach includes accurate and appropriate appraisal and evaluation of security arrangements for loans, monitoring arrears, and financial counselling, particularly for new clients and clients identified as having financial difficulty.

Lending will continue to be directed toward viable enterprises and projects (with potential to repay and acceptable security to support the loan). During financially difficult times, the board is committed to assisting those operations that appear to have a long-term future and a commitment to meet their obligations. This may include deferral of payments, restructuring of debt, financial counselling, and referral to other relevant services.

The board will provide credit counselling and follow-up for clients with repayment difficulties.

The independent credit risk assessment position has been demonstrated to add significant value to board decisions and will be funded on a permanent basis.

Support New Farmers

The board recognizes the importance of assisting new entrants to agriculture. It will do so by providing guidance and advice, working with other staff and programs of the department, and funding projects with viable business plans but limited experience.

Budget Context

Nova Scotia Farm Loan Board Operational Income Statement

	Estimate 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Revenue			
Interest	7,800	7,347	7,400
Life Insurance revenue (1)	20	26	20
Fee revenue / recoveries	375	225	210
Total revenue	**8,195**	**7,598**	**7,630**
Expenses			
Interest	5,800	5,409	5,500
Operating expenses	1,601	1,596	1,612
Bad-debt expense	253	417	253
Total expenses	**7,654**	**7,423**	**7,365**
Net income (loss)	**541**	**131**	**265**
Transferred to the province	(541)	(131)	(265)
Remaining	**0**	**0**	**0**

Notes:

See year-end annual reports for complete financial information and notes (https://novascotia.ca/farmloan/corporate/).

Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

See notes for the following Capital Funds table.

Capital Funds

	Estimate 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Opening principal	177,721	179,355	185,748
Add loan advances	35,000	28,000	35,000
Less repayments	(23,000)	(20,000)	(23,000)
Less principal written off	(3,000)	(1,607)	(3,000)
Closing principal	**186,721**	**185,748**	**194,748**
Provision for impaired accounts			
Opening provision	9,227	9,992	8,802
Less accounts written off	(3,000)	(1,607)	(1,000)
Additions (principal portion of bad-debt expense +/– adjustments)	253	417	500
Closing allowance	**6,480**	**8,802**	**8,302**
Net portfolio at year-end	**180,241**	**176,946**	**186,446**

Notes:

The board funds loans by arranging financing through the Department of Finance for terms similar to loans issued on a quarterly basis.

Accounting adjustments are subject to the approval of the Department of Agriculture. The board is assigned budgetary authority through the department and is required to conform the forecast and estimate authority to the amount assigned. Authority assigned for fees, operations, and bad-debt expense is based on funding availability.

Significant portions of the board's expenses, most bad-debt expense, are variable, somewhat unpredictable, and beyond short-term control. Under a new contract arrangement for the life insurance program, the insurance carrier collects premiums directly and assumes all risk and benefits related to annual results.

Total staff (FTEs)	17.3	17.3	17.3

Outcomes and Performance Measures

Core Business Area *Lending*

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
Growth in the rural economy	Total new funds advanced during the year (in millions) – as a measure of new economic activity	2012: $21.1 million	2014–15: $30 million 2015–16: $30 million	2010–11: $27.8 million 2011–12: $21.1 million 2012–13: $26.4 million 2013–14: $31.1 million 2014–15: $28.0 million	Continue to provide loan financing to clients who have a reasonable likelihood of success. Continue to develop additional loan products to meet client needs, including clients with lower inherent risk and less likelihood of loss. Ensure that lending information is readily available to those seeking credit, through the website, publicity, and participation in producer meetings as well as directly through the loan officers.
Increase in stable successful clients	Total arrears as percentage of value of all account – as an indication of client strength	2006–07: 3.7%	2014–15: 4.3% or less 2015–16: 4.3% or less	2010–11: 4.7% 2011–12: 4.9% 2012–13: 4.4% 2013–14: 4.3% 2014–15: 4.9% forecast	A protracted legal case has prevented the board from dealing with one case with significant arrears. The special credit section will continue working with clients in arrears or experiencing difficulty to achieve the best chance of success in the long term (see arrears strategies above). Monitor account status, contacting clients in arrears and referring them to industry resources where appropriate. Maintain contact and work with client and work out arrangements for payment. Include larger arrears accounts in annual review process. Strengthen new-loan approval review, using the Risk Manager position. Arrears and defaulted accounts will vary from year to year depending on performance of the various agricultural sectors represented in the board's loan portfolio. Working with clients to achieve the best long-term outcome is the board's primary goal. Continue to improve a balance of high-risk and lower-risk clients by broadening loan products available to meet a range of requirements. Clear up existing accounts in process for recovery, subject to legal procedures, fairness processes, and timing necessary to achieve the best value.

Core Business Area *Lending*

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
Effective service, financial, credit, & industry advice leading to enhanced business growth	Combined results for courtesy, promptness, knowledge, and commitment on client survey – as a measure of attention & service provided to the client leading to business growth (Note: it is anticipated that the survey used as a basis for this measure will be revised during the year to improve its relationship to the outcome measured.)	2000–01: 92%	2014–15: 90% or above 2015–16: 90% or above	2010–11: 93% 2011–12: 98% 2012–13: 90% 2013–14: 91% 2014–15: 93% forecast	Monitor survey results. Review procedures for efficiency gains. Work to improve promptness score by monitoring in-office processing time.

Board of Directors

The board currently consists of the following directors, with successful careers in agriculture and business, who govern policies, receive reports on operations and clients, and provide strategic direction for the board.

Directors

Chair. Arnold Park. Arnold was appointed to the Nova Scotia Farm Loan Board effective May 1, 2012, for a term expiring April 30, 2015. He has over 40 years of progressive business experience in the agriculture and agri-food industry, including a 10-year term as president & CEO of McCain Foods, Canada. He has a strong background in management, financial, and marketing, having been involved in the wine industry, food processing, corporate farming, and crop contracting.

Director. Greg Sheffer. Greg was appointed to the Nova Scotia Farm Loan Board February 24, 2012, for a term expiring February 24, 2015. He has extensive experience in the financial industry. Greg is a senior wealth advisor and director of Scotia McLeod in Halifax. He has his MBA, FCSI, and B.Sc. in agriculture. He is past chairman of the Nova Scotia Cattle Producers Association and past member of AgraPoint and numerous community volunteer organizations.

Director. Jim MacAfee. Jim was appointed to the Nova Scotia Farm Loan Board September 15, 2012, for a term expiring September 14, 2017. Jim has extensive experience as a farm operator, business owner, and Atlantic Canada representative for North America Fur. He is currently the owner and operator of Furafee Trading Co., a fur collection and trading supply catalogue mail order business, as well as the Atlantic representative for the Hudson's Bay Company. Jim is a graduate of the NSAC.

Director. Lee Thompson. Lee was appointed to the Nova Scotia Farm Loan Board September 15, 2012, for a term expiring September 14, 2017. With his family, Lee currently operates Forest Glen Greenhouse Limited. Lee has a background in environmental planning and resource planning. He worked for the Town of Truro for a number of years doing liaison management between local business owners and all levels of government. He has a special interest in agriculture and mentoring young entrepreneurs.

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Nova Scotia Fisheries and Aquaculture Loan Board
Business Plan 2015–2016

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Message from the Minister and the Board

We are pleased to present the Nova Scotia Fisheries and Aquaculture Loan Board business plan for 2015–2016. The plan outlines the board's goals and priorities for the coming year.

The primary objective of the board continues to be the provision of financing in order to encourage, sustain, improve, and develop the fishing and aquaculture industry in Nova Scotia.

The Nova Scotia Fisheries and Aquaculture Loan Board is proud to support the province's fishers and aquaculturists in their pursuit of the many exciting opportunities that exist at home and abroad.

The Honourable Keith Colwell, Minister
Nova Scotia Department of Agriculture
Nova Scotia Department of Fisheries and Aquaculture

Mr. Peter Corey, Vice-Chair
Nova Scotia Fisheries and Aquaculture Loan Board

Mission

To serve, develop and optimize the Nova Scotia fish harvesting and aquaculture industries, for the betterment of our coastal communities and the province as a whole.

Mandate

The mandate of the Fisheries and Aquaculture Loan Board is to support the fisheries and aquaculture industry through the provision of long-term, fixed-rate lending products to those clients demonstrating sound business fundamentals and commitment to the future growth and sustainability of the industry.

The board operates as a corporation of the Crown under the authority of the Fisheries and Coastal Resources Act 1996 (the act), and in accordance with Fisheries and Aquaculture Loan Regulations made under Section 42 of the act, and with board and government policy.

The act provides authority to the board, subject to the regulations, to make loans and guarantees of loans to or on behalf of fishers, aquaculturists, companies, co-operatives, associations, or other persons engaged directly in the fishing industry or to or on behalf of any person for any purpose which, in the opinion of the Governor in Council, will encourage, sustain, improve, or develop the fishing industry in the province.

Board History

As the primary lending and economic development agency for fisheries in the province, the Nova Scotia Fisheries and Aquaculture Loan Board has provided more than half a billion dollars in loans to fisheries and aquaculture businesses since its establishment in 1936.

The board supports growth and development in the fisheries and aquaculture industry through the provision of long-term, fixed-rate loans and financial counselling, and by providing opportunities for business and industry succession. As a Crown corporation, the board works closely with all provincial government lenders and service providers – in particular, but not limited to, the Nova Scotia Department of Fisheries and Aquaculture and the Nova Scotia Department of Agriculture.

The availability of credit with fixed rates and stable terms, the provision of programs specifically designed to address industry needs, and an expert understanding of the fisheries and aquaculture industry are some of the primary strengths of the board.

The board maintains a significant portfolio of fisheries and aquaculture accounts. At March 31, 2014, the portfolio consisted of 805 accounts totaling $110 million.

Primary stakeholders in the Nova Scotia Fisheries and Aquaculture Loan Board include individual and potential borrowers and the Province of Nova Scotia, in particular the Departments of Agriculture, Fisheries and Aquaculture, Economic and Rural Development and Tourism, and Finance and Treasury Board. Other key stakeholders include the various associations, groups, and councils representing industry interests; commercial lenders; boat builders; equipment and feed suppliers; the wholesale and retail sectors; the many organizations involved in shipping and moving products around the world; and others interested in economic growth and development of rural and coastal Nova Scotia.

Planning Context

General

The fisheries and aquaculture sectors are key economic drivers of the provincial economy and are particularly important to rural and coastal communities across the province. The impacts of these sectors are apparent in communities from the tip of Cape Breton to the shores of Cape Sable Island.

Due to its export-centric nature, this industry plays a key role in bringing foreign dollars and investment to the province. The sector generates close to $1 billion in export value annually to the provincial economy. This makes fish and seafood products Nova Scotia's second largest export commodity.

The outlook for the fisheries and aquaculture industry continues to be very optimistic. Global demand for fish and seafood products is expected to continue to rise as key global economies, populations, and markets grow and develop. At the same time, global factors of supply and demand are expected to support strong market prices in the foreseeable future. These conditions will provide opportunities for further growth and development in this important sector of the provincial economy.

There is significant interest in the industry from new entrants, who have the potential to breathe life into the many opportunities that this growing global demand represents. For example, while trade with traditional partners remains strong, there is also increasing opportunity to diversify into non-traditional markets such as the European Union, as demonstrated by the proposed free trade agreement between the European Union and Canada, the Comprehensive Economic and Trade Agreement (CETA).

The Nova Scotia Fisheries and Aquaculture Loan Board is keenly aware of the many opportunities and challenges that exist for the province's fish, aquaculture, and seafood industry of Nova Scotia. The board understands and is committed to supporting industry growth and development. We will continue to support the fisheries and aquaculture industry through the provision of long-term, fixed-rate lending products to those clients demonstrating sound business fundamentals and commitment to the future growth and sustainability of the industry.

Interest Rates

Interest rates have remained low throughout the fiscal year. The Bank of Canada lowered its key policy rate to 0.75 per cent in January 2015. The rate had been 1.0 per cent since October 2010, keeping rates stable and low. These low rates have benefited industry by expanding the range of potential funding sources and allowing earlier repayment. In some cases, amounts borrowed may be higher because of these lower-than-usual rates.

Requirements for board financing are influenced by levels of investments in fisheries and aquaculture businesses, rates of capitalization, general economic conditions, and the availability of funding from commercial lenders. The board continues to offer fixed-interest-rate loans, with rates fixed for the full amortization period of the loan. Other loan options may be considered for implementation in the coming fiscal years. Decisions on loan product changes will follow and flow from the board's mandate review and strategic planning process, which was completed in 2014–2015.

Lending Demand

Total new loan advances over the past decade have ranged from $14 million to $25 million. Requirements for 2015–2016 are expected to be in the upper end of, or slightly above, this range as a result of the positive business climate the industry is currently experiencing, along with the development of new loan products for 2015–2016. The capital authority of $30 million in 2015–2016 is expected to provide the flexibility required in the current environment.

The board will seek to operate cost-effectively and to meet client credit needs, providing credit services, providing support to new entrants, analyzing risk, and collaborating with departments and industry. The board intends to remain flexible in its approach and will be open to any type of development, loan products, or ventures that assist fisheries and aquaculture development in Nova Scotia. In particular, the board will look for opportunities to enhance strategic planning activities by considering (and incorporating, where appropriate) key recommendations identified by the mandate review completed in 2014–2015.

Ongoing Planning Focus

Lending

The board understands its role in supporting the long-term viability and development of the fisheries and aquaculture industry of the province through lending. The primary role is to ensure that loan financing is available to clients who have a reasonable likelihood of success but are unable to obtain financing at reasonable rates because they are new, they participate in a sector that has cycles of profitability, or for other reasons they find that banks are tightening credit.

The board also lends to clients who may have access to commercial lending. It does this to provide stability in the availability of funds and interest rates by offering fixed rates for up to 20 years. This allows those successful clients to continue a financing relationship that may span many years and to build into their risk profile the stability that comes with a lender that has a long-term commitment to fisheries and aquaculture and offers fixed rates and patience during poor business cycles.

The board may, on occasion, act to assist fisheries and aquaculture businesses or clients who experience financial difficulty when dealing with a commercial lender even though the business itself appears viable, given patience and that any lending losses already experienced are borne by the initial lender.

Lending programs and services will meet these objectives by providing knowledge of fisheries and aquaculture, long-term client relationships, a client focus in developing and providing services, flexibility in lending services and repayment, counselling services, support for new entrants, and long-term lending.

When it is possible to broaden services available to clients by collaboration with other lenders, joint lending relationships will be pursued.

While ability to repay remains the basic criterion for granting loans, business planning practices and procedures will continue to be considerations, as required for industry and individual growth and sustainability.

The board's risk management capacity was enhanced in 2013–2014. This has improved risk analysis and loan criteria and is a part of the board's ongoing loan

approval process. The board will continue to work toward strengthened lending and management information to meet lending, decision-making, and financial reporting requirements.

To ensure that the Nova Scotia Fisheries and Aquaculture Loan Board is optimizing its contribution to industry growth and development in the current industry and credit environment, a mandate review was completed in 2014–2015. This review assessed how well the board's programs and services align with industry needs, and it identified opportunities to better align with those needs. The board will use this information within the regulatory and policy context in its strategic planning activities and, where appropriate, will respond through enhanced programs and services and/or strategic partnerships with other agencies.

In addition to the importance of ensuring alignment with industry's needs, the board also recognizes that much of the potential for growth and development in the fisheries and aquaculture industry of the province requires investment in new and innovative ventures, initiatives, and sectors. Such investment is considered to be of significantly higher risk than traditional board tolerances and, as a result, has rested outside the reach of the board's traditional programs and services. In 2015–2016, and in keeping with the targets set out in the recent Ivany Report, the board will commit up to 5 per cent of its annual lending authority (up to $1.5 million in 2015–2016) for projects of higher-than-average risk profile – innovative and creative projects with strong potential to support industry growth and development. While it is anticipated that the net benefit of investment in these innovative, cutting-edge ventures will be significant, it may also result in higher-than-traditional bad debt expenses. In this scenario, as in all others, the board will continue to take all necessary actions and precautions to reduce its exposure to undue risk and losses.

Strategic Goals

The following goals have been developed to meet the board's mandate and, at the same time, to support the established goals of the Province of Nova Scotia:

1. Growth in the rural economy, specifically in coastal communities

Providing flexible loan products adapted to the needs of the fisheries and aquaculture industry.

2. Increase in the number and success of participants in the fisheries and aquaculture sectors

Providing lending support at the development and entry level for fisheries and aquaculture businesses so as to ensure that the industry will be maintained and have an opportunity to grow. This requires accepting that this focus may entail relatively high risk.

3. Sound client loan performance

Financial counselling provides guidance to clients as they manage business income and resources. Project assessments help the industry to be successful and also reduce the potential of delinquent accounts.

Core Business Area

In keeping with the goals of the board, the Department of Fisheries and Aquaculture, and government, the following represents the board's priorities for 2015–2016.

Core Business Area: Lending

Providing long-term, fixed-rate, asset-based credit for the development of the fish harvesting and aquaculture industry is the primary mandate of the Nova Scotia Fisheries and Aquaculture Loan Board. This includes loan product development, loan service development, client service and administration, and efficient and responsible financial management. It also includes financial analysis and counselling. Financial counselling is provided by loan officers as a component of loan-analysis meetings with clients and potential clients and includes assessment of projects under consideration. Loan officers assist in sourcing the best available credit.

By providing a reliable source of flexible, asset-financed credit, the board directly provides opportunities for development and growth of the fisheries and aquaculture industry. It also indirectly influences credit availability at reasonable rates through its influence on, and partnership with, other participants in the lending industry.

Loan demand was stronger than average throughout 2014–2015, and this is expected to continue into 2015–2016 as local and global conditions result in increased industry optimism and success. Loan requirements are affected by the availability of credit and rates available from commercial lenders, developments within the industry, and expectations about future interest rates.

Additionally, in 2014–2015, the board implemented enhanced performance measures designed to track the effectiveness of board programs in supporting business and industry succession. These measures will establish a baseline on which to assess the board's effectiveness in achieving this objective over time.

Priorities for 2015–2016

Lending

Provide up to $30 million of new loan capital to the fisheries and aquaculture industry in the 2015–2016 fiscal year.

Lending capacity at this level supports the industry's need for access to fixed-rate, long-term loans. It supports the development of fisheries and aquaculture businesses by allowing for sustainability, improved efficiency, productivity and profitability, adoption of new technologies and practices, and growth and development of new and existing operations. During 2014–2015, the board is forecast to advance $22 million and receive principal payments of $18 million. Actual lending requirements vary from year to year depending on opportunities identified.

Mandate Review

To ensure that the Nova Scotia Fisheries and Aquaculture Loan Board is optimizing its contribution to industry growth and development in the current business climate and credit environment, a mandate review

was completed in 2014–2015. This review assessed how well the board's programs and services align with industry needs and identified opportunities to better align with those needs. In 2015–2016, the board will develop and implement a plan to address the report's key findings and recommendations.

Support for New Entrants

The board recognizes the importance of assisting new entrants to the fishing and aquaculture industry. It does so by providing guidance and advice, working with other staff and programs of the department and funding projects with viable business plans but limited experience.

The board also delivers the Loans for Licences program, which was established in 2009–2010. This program supports succession in the industry, providing loans with attractive terms to new entrants or those who want to diversify their business operations to include the harvest of species they haven't harvested in the past. The board's new entrants programs are designed to reduce the initial capital investment required by the borrower to provide increased opportunity for business success.

Credit Counselling and Risk Management

The board places importance on maintaining an understanding of the fisheries and aquaculture industry, on the development of relationships with clients and understanding their needs, on flexibility in dealing with individual circumstances, and on confidential credit counselling services.

Accounts are managed so that write-offs and arrears conditions are monitored and minimized in relation to the portfolio size while supporting industries and individuals through cyclical downturns and working toward the best outcome for all parties.

This approach includes accurate and appropriate security appraisals and evaluations for loans, monitoring arrears, and financial counselling, particularly for new clients and clients identified as having financial difficulty.

Lending will continue to be directed toward viable enterprises and projects (with potential to repay and acceptable security to support the loan). During financially difficult times, the board is committed to assisting those operations that appear to have a long-term future and a commitment to meet their obligations. This may include deferral of payments, restructuring of debt, financial counselling, and referral to other relevant services.

The board will provide credit counselling and follow-up for clients with repayment difficulties.

The independent credit risk assessment capacity implemented in 2013–2014 has been demonstrated to add significant value to board decisions and has now been funded on a permanent basis.

Budget Context

Nova Scotia Fisheries and Aquaculture Loan Board Operational Income Statement

	Estimate 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Revenues			
Interest revenue	7,800	7,800	7,800
Loan fees	150	190	150
Total revenue	**7,950**	**7,990**	**7,950**
Expenses			
Interest expense	4,600	4,600	4,600
Operating expenses	762	852	839
Bad debt expense	78	2,300	400
Total expenses	**5440**	**7,752**	**5839**
Net income (loss)	**2510**	**238**	**2,111**
Transferred to the province	(2510)	(238)	(2,111)
Remaining	**0**	**0**	**0**

Notes:

1. See year-end annual reports for complete financial information and notes (http://www.novascotia.ca/fish/about-us/business-plans-and-accountability-reports/).

2. Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

Capital Funds

	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Opening principal	110,127	113,006
Add loan advances	22,000	30,000
Less repayments	(18,000)	(25,000)
Less principal written off	(1,121)	(440)
Closing principal	**113,006**	**117,566**
Provision for impaired accounts		
Opening provision	2,389	3,568
Less accounts written off	(1,121)	(440)
Additions (principal portion of bad-debt expense +/– adjustments)	2,300	400
Closing allowance	**3,568**	**3,528**

Outcomes and Performance Measures

Performance Measures Background

While at first glance there may appear to be more direct measures that reflect the impact of the board's programs and services, it is important to recognize that the board's access to much of the data required to generate such information is limited, for a variety of reasons. As such, the below-noted measures are considered to be reasonable proxies for the noted outcomes, given the information that the board can currently and cost-effectively access. While each individual measure provides information about the board's impact, the most representative picture of its impact is painted when these proxy measures are examined, in whole or in combination.

The board is committed to examining opportunities to continuously improve its performance measures and will add to or revise current measures as access and availability to information changes.

Interpretation of Performance Measures

There are strong indications that the industry has weathered and is rebounding from the recent economic downturn. The demonstrated increasing trend in "loan advances" and "changes in loan portfolio" in recent years is considered a strong, positive indication of strengthened industry health and stability and, in turn, strong, positive impacts in the province's rural economy. Furthermore, the impacts of the board's programs and services in the rural economies of the province are even more apparent when you consider the positive outlook demonstrated by increasing trends in loan advances and in the board's portfolio hand-in-hand with such other factors as low levels of default, as represented by the "percentage of accounts in arrears" measure. These measures, together, indicate that not only are businesses borrowing money (money that is primarily invested in the province's rural economies), but the vast majority of these businesses are also financially fit – as demonstrated by the low levels of default. Therefore, it is reasonable to conclude that the financial health and stability of the borrowers is solid, and as such the increase in investments as demonstrated by recent increases in the board's loan advances and portfolio is ultimately resulting in a long-term, net positive impact.

Taken together with other chosen measures, the board's positive impact on industry growth and development is even more apparent when considering recent statistics showing that approximately 27 per cent of borrowers (in 2014–2015) were aged 35 or under. This is a strong indication that significant investment in these sectors will continue well into the future. This is also considered a significant and strong proxy measure of industry health and prosperity.

Outcomes and Performance Measures

Core Business Area *Lending*

Outcome	Measures	Data	Targets 2015–16	Ultimate Target	Strategies to Achieve Target
Growth in the rural economy, specifically in coastal communities, by providing flexible loan products adapted to the needs of the fisheries and aquaculture industry	Loan advances	2008–09: $7 million 2009–10: $25 million 2010–11: $15 million 2011–12: $21 million 2012–13: $16 million 2013–14: $18 million 2014–15: ~$22 million	Increase annual advances	Increase annual advances over previous year	Work with industry and government. Provide financing for the harvesting of underutilized species. Loan advances as of March 31, 2014, were $18.3 million.
Increase in the number and success of participants in the fisheries and aquaculture sectors by providing lending support at the development and entry level for fisheries and aquaculture businesses	Average age of loan applicants (new measure for 2014–15)	2014–15: ~ 44 as of March 16, 2015	Maintain below 45	Facilitate business and industry succession	Provide financing and repayment terms designed to support business start-up. Use more-targeted promotion of the board's programs and services.
	% of loan applicants aged 19–35 (new measure for 2014–15)	2014–15: ~27% as of March 16, 2015	Increase % of applications annually from this cohort		
	% (by #) of applicants applying as new entrants or new species (new measure for 2014–15)	2014–15: 44% as of March 16, 2015	Increase the number of new entrants who successfully qualify for loan board financing		
Growth in the rural economy, specifically in coastal communities, by providing flexible loan products adapted to the needs of the fisheries and aquaculture industry Increase in the business success of participants	Change in loan portfolio	2008–09: $84 million 2009–10: $95 million 2010–11: $104 million 2011–12: $109 million 2012–13: $106 million 2013–14: $110 million 2014–15: ~$110 million	Annual increase in loan portfolio	Annual increase in loan portfolio over previous year General increasing trend in loan portfolio over time	Support financially viable operations. As of March 31, 2014, the loan portfolio was $110 million.

Core Business Area *Lending*

Outcome	Measures	Data	Targets 2015–16	Ultimate Target	Strategies to Achieve Target
Sound client loan performance and client stability	% of accounts in arrears	2008–09: 3.7% 2009–10: 5.8% 2010–11: 3.3% 2011–12: 3.3% 2012–13: 3.7% 2013–14: 4.1% 2014–15: ~3.2%	Less than 5%	Less than 5% year to year Generally decreasing trend in % of accounts in arrears over time	Fisheries Loan Board loans remain secure when considering boat, license, and aquaculture securities Loan balances are reducing as per repayment schedule As of March 31, 2014, 4.1% of principal was in arrears. This is on track to be reduced significantly (by approximately 1%) in 2014–15.

Board of Directors

The board currently consists of the following directors, with successful careers in fisheries, aquaculture, and business. They govern policies, consider loan requests, receive reports on operations and clients, and provide strategic direction for the board.

Directors

Mr. G A (Jerry) Amirault, CA, Director

Mr. Amirault was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective July 3, 2012, for a term expiring July 2, 2015.

Mr. Edmond AuCoin, Director

Mr. AuCoin was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective December 10, 2012, for a term expiring December 9, 2015.

Mr. Peter Burnie, Director

Mr. Burnie was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective December 10, 2012, for a term expiring December 9, 2015.

Mr. Peter Corey, Vice-Chair

Mr. Corey was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective February 3, 2015, for a term expiring February 2, 2017.

Mr. Denny Morrow, Director

Mr. Morrow was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective February 3, 2015, for a term expiring February 2, 2017.

Mr. Claude Poirier, Director

Mr. Poirier was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective February 3, 2015, for a term expiring February 2, 2017.

Ms. Patricia Rhynold, Director

Ms. Rhynold was appointed to the Nova Scotia Fisheries and Aquaculture Loan Board effective February 3, 2015, for a term expiring February 2, 2017.

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Harbourside Commercial Park Inc.
Business Plan 2015–2016

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Message from the Minister and the President

Harbourside Commercial Park Inc. (HCPI) began operations as a Crown corporation during the 2007–2008 fiscal year, with the mandate to manage the commercial development of remediated areas of the former Sydney Steel property. In the past year, HCPI has also taken possession and control of the former Bowater property in Liverpool, Nova Scotia.

Since the opening of the first phase of the commercial park, levels of employment have steadily increased. The 15 businesses within the Sydney park have 165 full-time employees plus an additional 96 part-time workers.

Harbourside Commercial Park personnel are actively dealing with prospective tenants interested in land and building purchases. Because of demand, the park has reached full capacity for rental of available office space in existing buildings.

Harbourside Park has contributed, and continues to contribute, to the local economy and provides an excellent area for new and existing businesses to develop. The 2015–2016 fiscal year looks very positive, as new tenants choose Harbourside as their business location.

Just as importantly, the Sydney site is self-supporting. It operates independently of government funds.

The Honourable Labi Kousoulis
Minister of Internal Services

Gary Campbell, President,
President, Harbourside Commercial Park Inc.

Mission

To develop and maintain a viable industrial and commercial park, comprising properties formerly owned by Sydney Steel Corporation (Sysco), including maintenance of buildings and grounds, and the sale and lease of real estate for commercial purposes.

Planning Context

As a Crown corporation, Harbourside Commercial Park Inc. (HCPI) reports to a board of directors. The Minister of Internal Services is the minister responsible for the Crown corporation. HCPI maintains its office in Sydney, Nova Scotia, along with a presence at the department's head office in Halifax. The address for HCPI's website is www.harcom.ca.

HCPI is responsible for the remediated lands on the former Sysco and the former Bowater property (Port Mersey Commercial Park). HCPI was incorporated in August 2006 and began operations April 1, 2007. HCPI is also responsible for Sydney Utilities Limited (SUL), which is a wholly owned subsidiary of HCPI. SUL is responsible for the control of the two water utilities that had been part of the Sysco infrastructure and are a substantial water supply for the regional municipality and industrial activities at the former Sysco site.

HCPI acquired the former Bowater mill site in Liverpool, Nova Scotia, in conjunction with Nova Scotia Lands Inc. (NSLI). This site is being developed as Port Mersey Commercial Park and currently has a number of active leases.

Approximately 75 hectares (189 acres) of the former Sysco site have been remediated to industrial standards. In 2015–2016, HCPI will purchase Phase IV and Phase V of the former Sysco property at fair market value. HCPI will manage the process of selling or leasing this property to commercial users and will manage existing tenants currently in place.

HCPI will be guided by important key principles. These principles include strict attention to environmentally safe practices, a strong commitment to the health and safety of workers, respect for local communities, adherence to fiscal responsibility and public accountability, and the practical use of local labour and supplies.

Strategic Goals

HCPI's overall strategy is to advance its objectives with respect to establishing a fiscally viable commercial business park at the former Sysco steel mill site.

More specifically, HCPI will

- provide business and other opportunities to the communities of the Cape Breton Regional Municipality
- maintain sound health and safety practices in order to minimize the potential risk of injury to workers, visitors, tenants, suppliers, and others who may visit the site
- maintain adequate security on the site to prevent the loss of provincial property and site assets
- promote development of Port Mersey Commercial Park (former Bowater site)

Core Business Are

The foll he core business functions c CPI.

HCPI Operations

The location of HCPI is ideal as a commercial business park. HCPI's core objectives are the continued property management and operation of the park and all associated buildings and marine facilities.

Port Mersey Operations

Located in Liverpool, Nova Scotia, the site is approximately 35.6 ha (88 acres) in size and is within 1 km of Highway 103. HCPI's objective is to manage and operate the park and all buildings and marine facilities.

Pictou Wharf Activities

The work at the wharf is nearing completion. The electrical installation is completed and will be powered up this summer. An operating protocol will be developed to allow full use of the dock area. Advertising will be done, with HCPI managing operations at the wharf.

Planning for Future Site Development and Use

As more property is remediated and purchased, HCPI will continue to participate in the development of a long-term plan that clearly establishes its vision for the site and adjacent properties. Included in the planning document will be potential uses of the land and a strategy to attract to the park new businesses that support the vision.

The former Coke Ovens property (Harbourside East) will become available for commercial development. The Sydney Tar Ponds (Open Hearth Park) and adjacent area will enhance the commercial attractiveness of the business park.

Priorities for 2015–2016

HCPI Operations

- Continue to develop and implement marketing strategies promoting HCPI and Port Mersey Commercial Parks.
- Continue to attract new tenants to both parks.
- Enhance the third and fourth development phase of the Sysco site, through infrastructure development and aesthetic enhancement, making the site attractive to business and the community.
- The purchase of Phase IV and Phase V land from Sysco and transfer to HCPI is near complete.
- Continue to intricately link the Open Hearth Park to Harbourside Commercial Park to enhance land value and attractiveness.
- Promote development of Harbourside East.
- Continue to update HCPI's and Port Mersey's websites as a sales and information tool promoting the parks.
- Establish operating protocols for Pictou Wharf.

Development of Infrastructure on Existing Remediated Lands

- Improve marketing and signage for the park.
- Complete new maintenance building for Nova Scotia Lands (NSLI).
- Make Port Mersey site improvements.

Planning for Future Site Development and Use

- Work with key stakeholders to expand our vision for the future of the park and adjacent Open Hearth Park and Harbourside East properties.
- Sale of land to Cape Breton Explorations (CBEX) will be completed, and construction of a biomass generating station will begin this summer.
- Develop the property sold to Horizon Achievement Centre.
- Sell administration building to Pharmaceutical Company.
- Sell 28.3 ha (70 acres) of land to Cape Breton Regional Municipality for development.
- Sell former maintenance building to Safety Check.
- Sell water treatment plant (2.4 ha / 6 acres) to Municipal Capital Group.
- Lease terminal building at Port Mersey.
- Lease maintenance shops at Port Mersey.
- Lease warehouse to Walmart at Port Mersey.
- Continue wharf usage development at Port Mersey.

Budget Context

	Estimate 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Revenues			
Leases and rent	831	961	628
Provincial funding	0	0	421
Economic development	0	0	0
Sale of land	156	(41)	260
Other	24	3,843	24
Total revenue	**1,011**	**4,763**	**1,333**
Expenses			
General operating expenses	782	1,328	1,180
Management fees	91	91	151
Total expenses	**873**	**1,419**	**1,331**
Net income (loss)	**138**	**3,344**	**2**
Capital expenditure	1,000	0	1,000
FTEs	—	—	—

Note: HCPI and Port Mersey do not have any employees. HCPI and Port Mersey contract with NSLI for the operation, project management, and marketing of the park.

Outcomes and Performance Measures

Core Business Area 1 *HCPI Operations*

Outcome	Measure	Base Year	Target: 2015–16	Trends	Strategies to Achieve Target
Park land is in high demand for lease or purchase	Number of property sales and leases	2008–09	Four properties sold	2015–16: 100%	Continue marketing activities
Rehabilitation of Pictou Wharf	Upgrading of wharf area complete	2013–14	Operational	2015–16: 100%	Electrical work is completed
Transfer of Phase IV/V land to HCPI	Remaining Sysco land transferred to HCPI	2011–12	All land transferred	2015–16: 100%	Payment for remaining lands to occur this year

Core Business Area 2 *Sydney Utilities Activities*

Outcome	Measure	Base Year	Target: 2015–16	Trends	Strategies to Achieve Target
SUL effectively delivers process water to HCPI	HCPI to continue to manage SUL's responsibilities	2012–13	Operational	2015–16: 100%	Complete

Core Business Area 3 *Port Mersey Commercial Park*

Outcome	Measure	Base Year	Target: 2015–16	Trends	Strategies to Achieve Target
Port Mersey Park is in high demand	Number of property leases	2014–15	Increase 3 properties leased	2015–16: 100%	Continue marketing activities
Upgrades to Port Mersey Wharf	Complete upgrades 2015–16	2014–15	Make dock self-sustaining	2015–16: 100%	Continue marketing activities

Core Business Area 4 *Planning for Future Use*

Outcome	Measure	Base Year	Target: 2015–16	Trends	Strategies to Achieve Target
Land-use plan to be expanded to include Harbourside East	Develop operating and sales protocols for Harbourside East land	2014–15	Plan for Harbourside East	2015–16: 100%	Arrange for completion of Lingan/SPAR Rd intersection

Crown Corporation
Business Plans
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Housing Nova Scotia
Business Plan 2015–2016

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Message from the Minister and CEO of Housing Nova Scotia

In the past year, more Nova Scotians have accessed safe, affordable housing. We made significant upgrades to family and seniors' housing; more Nova Scotians have accessed affordable rental housing through increased investments in this area and more partnerships with private landlords; we organized the first annual affordable home ownership conference; and we appointed members to the advisory board for Housing Nova Scotia.

We are also very proud of the important role we have played in our community through our valued partnerships. By partnering with organizations like the United Way, Habitat for Humanity, shelter operators, Canadian Mental Health Association, the Nova Scotia Home Builders Association, and the Investment Property Owners Association of Nova Scotia, we were able to explore our shared understanding of what affordable housing and homelessness truly represents. This furthered our belief that the issues surrounding affordable housing and homelessness can only be addressed if all levels of government and the private and non-profit sectors work together.

Throughout the 2015–2016 year, Housing Nova Scotia will continue to build upon the solid foundation we've worked hard to build. This document summarizes strategic priorities for the year ahead and carefully outlines ways in which we plan to achieve them. Key areas of focus include continuing to explore opportunities for targeted neighbourhood revitalization; preserving the existing supply of affordable housing and creating new affordable housing units; finalizing and implementing a provincial Co-operative Housing Strategy; and establishing new program options for affordable home ownership.

For as much as we've accomplished, there is still more to do. And we can ensure our success by continuing to work together. We look forward to the ongoing collaborative efforts with our partners, as well as communities across the province, for the benefit of all Nova Scotians.

Sincerely,

Joanne Bernard
Minister responsible for Housing Nova Scotia

Dan Troke
CEO, Housing Nova Scotia

Mission

To deliver innovative housing strategies that contribute to the overall health and well-being of Nova Scotians and the sustainable development of the province.

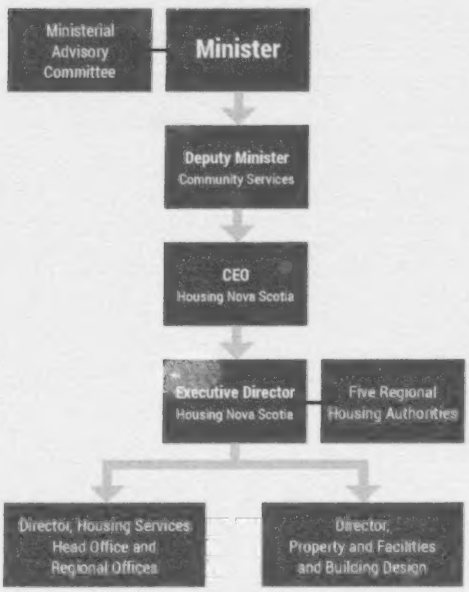
Vision

That all Nova Scotians live in a home that's right for them, at a price they can afford, in a healthy, vibrant, and diverse community that offers the services, supports, and opportunities they need.

Structure and Organization

Housing Nova Scotia was created in August 2013 in follow-up to the May 2013 release of the provincial housing strategy, *Building Community and Affordability for Nova Scotia Families: A Housing Strategy for Nova Scotia*[1]. The organization was formerly known as the Nova Scotia Housing Development Corporation.

The figure below shows Housing Nova Scotia's current governance structure and its ongoing relationship within the Department of Community Services. In May 2014, the minister appointed the first advisory committee for Housing Nova Scotia. Its membership includes public housing tenant representatives as well as representation from academia and both the private and non-profit sectors. With this broad representation, the advisory committee allows for new and more participatory relationships with our clients and stakeholders.


Ministerial Advisory Committee
Minister
Deputy Minister Community Services
CEO Housing Nova Scotia
Executive Director Housing Nova Scotia
Five Regional Housing Authorities
Director, Housing Services Head Office and Regional Offices
Director, Property and Facilities and Building Design

Provincial Housing Strategy

Key Pillars and Strategic Goals

Housing Nova Scotia's strategic direction is guided by the key pillars of the provincial housing strategy, which will move the province forward in five key areas:

- Fostering healthy, vibrant, and diverse communities
- Ensuring a range of affordable housing options for owners and renters
- Offering paths to ownership that help Nova Scotians become homeowners

[1] http://housing.novascotia.ca/sites/default/files/Housing_Strategy.pdf

- Building partnerships with communities, residents, businesses, non-profit organizations, and local governments
- Supporting independence, inclusion, and dignity for seniors, people with disabilities, and vulnerable Nova Scotians

Based on these key areas of focus, Housing Nova Scotia has identified the following four strategic goals:

1. Healthy, vibrant, diverse communities
2. Safe, affordable homes at every stage of life
3. More Nova Scotians can become homeowners
4. More housing choices for seniors, persons with disabilities, and the homeless

These goals, together with our Mission, set out our future direction and will shape our long-term planning to guide implementation of the housing strategy.

Housing Nova Scotia has also identified two key strategic drivers: success through strategic partnerships and being a client-focused organization. These drivers will play a critical role in all of our operations and contribute to the successful achievement of our strategic goals.

Legislated Mandate

Housing Nova Scotia's mandate is defined under the Housing Nova Scotia Act and the Housing Act. It can be summarized as follows:

- To establish housing projects and construct housing accommodation of all types for sale or rent
- To plan, design, build, own, maintain, manage, and operate housing projects
- To construct, acquire, renovate, and maintain housing of all types, and to sell, lease, or otherwise dispose of such housing
- To promote, construct, and provide more adequate and improved housing for low-income households
- To improve the quality of housing and the quality of amenities related to housing

Core Business Areas

The following core business areas support Housing Nova Scotia in fulfilling its mandate and delivering on its strategic goals and priorities:

- Portfolio management
  - Overseeing the operations of housing authorities who manage the provincially owned public housing portfolio, including the provision of technical services
  - Overseeing the operations of the co-operative and non-profit housing portfolio
  - Overseeing remaining social housing portfolios (urban native and rural and native housing)
  - Asset and risk management
- Acquisition and disposal of real estate
- Land development – designing and constructing housing projects including mixed-income, mixed tenure developments

- Program delivery – designing and delivering a range of housing programs and services including social housing, affordable housing, development of new housing, home repair, renovation and adaptation, programs for home owners, landlords, seniors and persons with disabilities, home ownerships options, and support for homeless individuals and individuals at risk of homelessness

Planning Context

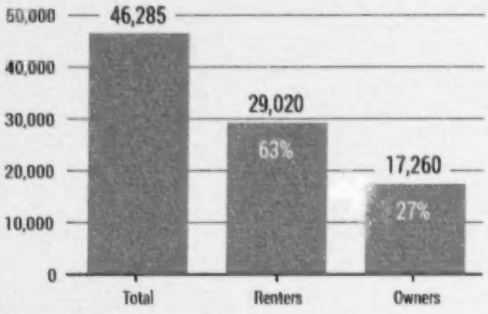
Our external environment presents a number of drivers and challenges that contribute to, and directly influence, Housing Nova Scotia's strategic direction. These factors must be key considerations in the design and delivery of current and future programming and, in some cases, will require innovative solutions to help address the challenges that they present.

Declining federal government contributions for social housing – In 1997, the province entered into the Canada–Nova Scotia Social Housing Agreement. Under the agreement, Nova Scotia assumed responsibility for administering the federal government's social housing programs. The agreement also set out declining annual federal subsidies, which will reach zero in 2034.

Demographic shifts – Nova Scotia's population is aging. We also have high rates of disability, an increasing number of one- and two-person households, and outward migration to other provinces and from rural to more urban areas of Nova Scotia. All of these factors require focused attention to ensure that Housing Nova Scotia's programs and housing stock are designed and funded to best meet the current and future needs driven by these shifting demographics.

Core housing need – In 2014, Statistics Canada and the Canada Mortgage and Housing Corporation released the 2011 Core Housing Need data, based on the 2011 National Household Survey[2]. In 2011, 12.5 per cent (46,285) of households in Nova Scotia were in core housing need[3]. Of the 46,285 households in core housing need, 63 per cent were renters and 27 per cent were homeowners.

2011 Nova Scotia Core Housing Need by Tenure (number of households)



Aging housing stock – Approximately 30 per cent of the homes in Nova Scotia were built before 1961. Older homes are more costly to maintain. This will continue to have an impact on how far Housing Nova Scotia's program funding can stretch to help low-income households with needed upgrades and repairs to their homes.

It is also important to note that the creation of new affordable housing options is an element of Housing Nova Scotia's operations that is long term by its nature. It is a process that

[2] This survey replaced the long-form census used in previous census counts, and because the data collection methods used are different, the 2011 core housing need data cannot be compared to previous data.

[3] A household is in core housing need when its housing falls below housing adequacy, suitability, and affordability standards *and* when the household would have to spend 30% or more of its before-tax income to access housing that meets all three of these housing standards.

may rely on partnerships with developers, specialized private sector service providers, not-for-profit organizations, community representatives, and other key stakeholders. It also depends on factors including funding availability and market conditions. As a result, many of the projects in which Housing Nova Scotia plays either a lead or supporting role span multiple years before new affordable housing comes on stream.

Government Priorities

Housing Nova Scotia's strategic direction aligns with the four key priorities identified by government: fiscal sustainability, the economy, demographics and people, and education and skills. The descriptions of each of our Housing Nova Scotia 2015–2016 priorities (outlined below) demonstrate these linkages.

Priorities for 2015–2016

Strategic Goals:

Healthy, vibrant, diverse communities. More housing choices for seniors, persons with disabilities, and the homeless.

1. **Invest the funds available under the CMHC–Nova Scotia Agreement for Investment in Affordable Housing (IAH) 2014–2019 in preserving the existing supply of affordable housing and creating new affordable rental housing units.**

   This involves the ongoing funding and delivery of our home repair and adaptation programs to help low-income households – including families, seniors, individuals, and persons with disabilities – better access affordable, healthier and safer homes.

2. **Continue to explore opportunities for targeted neighbourhood revitalization in communities throughout Nova Scotia.**

   This priority focuses on developing neighbourhood improvement initiatives to support the repair and upgrade of existing homes and structures and/or the building of new affordable housing through residential in-fill construction. In 2013, the Alice Street area in Truro was the first designated Neighbourhood Improvement Area in the province. Housing Nova Scotia is working to identify other neighbourhoods for designation in which targeted programs to support revitalization can be established.

Each of these two priorities aligns with government's demographics and people priority and its focus on enhancing communities and social well-being. Priority 1 supports government's fiscal sustainability priority through the leveraging of federal funds available through the IAH agreement. In addition, both priorities support the creation of job opportunities for skilled tradespeople throughout the province.

Strategic Goals:

Safe, affordable homes at every stage of life.
More housing choices for seniors, persons with disabilities, and the homeless.

3. **Preserve and expand our social housing stock through ongoing strategic investments from Deferred Federal Contribution funds under the Social Housing Agreement.**

   Ongoing activity in 2015–2016, in follow-up to $52 million in funding announcements made in 2014–2015, includes the following:

   - Upgrading the province's existing family and seniors' aging public housing stock. Investments are targeting heating upgrades, making our properties more accessible, replacing structural components such as roofing and windows, upgrading sprinkler and fire alarm systems, and replacing flooring.
   - Retrofitting co-operative housing stock to maintain its long-term viability through necessary structural, electrical, plumbing, and heating element repairs, and modifications for accessibility.
   - Establishing more rent supplement units across the province to address and target those areas with the greatest need for affordable housing. Tenants for these new units will come from households on public housing wait lists.

4. **Finalize and implement a provincial Co-operative Housing Strategy.**

   This strategy will focus on positioning the existing co-operative housing projects so that they remain a viable and sustainable housing option once the subsidies they receive under the 1997 Social Housing Agreement expire. Work under this strategy will include improvements to the physical condition of the co-operative housing stock and implementation of tools to help strengthen co-operative board management and fiscal viability, which will be funded through the Deferred Federal Contribution investment announced in 2014–2015.

These two priorities align with government's priority of fiscal sustainability through Housing Nova Scotia's strategic investment of the funds made available under the Social Housing Agreement and plans that are under development to help address the decreasing federal subsidies under this agreement. These priorities also support government's economy and education and skills priorities through the creation of job opportunities for skilled tradespeople as well as partnerships with the private sector, including landlords in the provision of rent supplement units.

Strategic Goal:
More Nova Scotians can become homeowners.

5. **Establish new program options for affordable home ownership**

   To help create pathways for more low- to moderate-income Nova Scotians to enter into home ownership, Housing Nova Scotia is developing new program options that will help support affordable home ownership.

This priority aligns with government's demographics and people priority through opportunities to retain youth and otherwise help to minimize out-migration by making home ownership a more affordable option here in Nova Scotia. This priority will also help enhance communities and social well-being and support low- to moderate-income Nova Scotians in gaining a more stable financial footing through access to opportunities to enter the housing market and build equity.

Budget Context

	Estimate 2014–15 ($000)	Forecast 2014–15 ($) ($000)	Estimate 2015–16 ($) ($000)
Funding Source			
Revenue from Government Sources	105,759	108,526	113,153
Revenue from Rents	54,047	54,047	57,521
Interest, Revenue from Land Sales, and other Revenue	34,445	34,445	36,405
Total Funding	**194,250**	**197,018**	**207,079**
Expenditure Source			
Interest on Long-term Debt	43,592	43,592	42,778
Property Management and Operation	57,169	57,169	60,425
Maintenance and Capital Improvements	34,771	40,171	37,771
Housing Renovation and Affordable Housing	21,530	21,530	22,810
Social Housing Subsidies	15,388	15,156	20,295
Depreciation of Investment in Social Housing	18,800	18,800	21,000
Housing Strategy	3,000	600	2,000
Total Expenditures	**194,250**	**197,018**	**207,079**

Outcomes and Performance Measures

Strategic Goal 1 *Healthy, vibrant, diverse communities*

Measures	Data	Target	Trends	2015–16 Strategic Actions
# of households assisted through major health and safety-related repairs and number of affordable units created	Base Year: 2011–12: 1,201	Maintain or increase	2011–12: 1,201 2012–13: 1,229 2013–14: 1,110 2014–15: 1,122 as of Jan 31, 2015	Deliver province's home repair/adaptation programs. This includes both programs funded under the CMHC–Nova Scotia Agreement for Investment in Affordable Housing 2015–19 and those funded solely by the province.
# of neighbourhood improvement initiatives	Base year: 2014–15: 1 initiative	2 neighbourhood initiatives designated	2014–15 : 1 initiative	Alice Street, Truro, designated neighbourhood. – Extend delivery of Spruce-Up program, implemented in 2014, to spring 2015 and review this demonstration project. Designate another neighbourhood and introduce projects/programs appropriate for the needs of that neighbourhood.
# of public housing capital investment initiatives	Base year: 2012–13: 144 projects completed ($3.26 million)	100 projects completed ($4.0 million)	2012–13: 144 projects completed ($3.26 million) 2013–14: 104 projects completed ($3.1 million) 2014–15: 400 projects completed ($9 million)	Continue to invest funds from the Deferred Federal Contribution (DFC) targeting upgrading the provincially owned family and seniors public housing stock.

Strategic Goal 2 *Safe, affordable homes at every stage of life*

Measures	Data	Target	Trends	2015–16 Strategic Actions
% of co-operative housing organizations that achieve a ranking of Level I or High Level II based on an annual assessment of their financial, democratic, and physical condition	Base year 2014–15: 47%	52% of co-operative housing organizations	2014–15: 47%	Invest $8 million of the DFC funds in upgrading the existing co-operative housing portfolio over the next 3 years. Investigate a new ranking model to determine long-term viability of the co-operative housing organizations.

Strategic Goal 3 *More Nova Scotians can become homeowners*

Measure	Data	Target	Trends	2015–16 Strategic Actions
# of prospective home ownership program participants who complete home ownership classes	New measure expected to be established in 2015–16		N/A	Obtain necessary approvals to implement affordable home ownership program options aimed at helping low- to moderate-income households enter into home ownership. Eligible prospective homeowners who are interested in participating in the affordable home ownership program options will be required to attend home ownership classes.
# of approved home ownership program applicants	New measure expected to be established in 2015–16		N/A	Work with CMHC and Habitat for Humanity to develop home ownership classes based on their successful education programs for prospective home owners.

Strategic Goal 4 *More housing choices for seniors, persons with disabilities, and the homeless*

Measures	Data	Target	Trends	2015–16 Strategic Actions
# of households with seniors or persons with disabilities helped by health and safety–related repairs or home adaptations that will enable them to continue to live independently in their own homes and communities[4]	Base Year: 2011–12: 955	Maintain or increase	2011–12: 1,006 2012–13: 1,027 2013–14: 1,147 2014–15: 1,017 as of Jan 31, 2015	Continue to deliver the province's home repair/adaptation programs targeting seniors who are at least 65 years of age, and individuals with disabilities. The key programs HAS, RRAP for Disabled Individuals, and the Senior Citizens Assistance Program are cost-shared with the federal government under the CMHC–Nova Scotia IAH Agreement.
# of self-contained dwelling units provided in conjunction with access to ongoing support services[4]	Base year: 2013–14: 54	2014–15: Maintain or increase	2013–14: 54 2014–15: To be compiled at fiscal year end	Continue to invest in the Housing Support Worker Program in the Metro Halifax area. Invest funds available under the CMHC–Nova Scotia IAH Agreement to provide rent supplement units to help transition frequent users of emergency shelters or those at risk of homelessness to more permanent housing options. Continue to support the Housing First approach through ongoing participation on the United Way Halifax's Housing and Homelessness Partnership.

[4] This is a measure that Housing Nova Scotia is required to report on annually under the terms of the CMHC–Nova Scotia Agreement for Investment in Affordable Housing 2014–19. (See Housing Nova Scotia's 2013–14 report to CMHC at: http://housing.novascotia.ca/sites/default/files/Investment_in_Affordable_Housing_2011-14%20Year%203.pdf.)

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Nova Scotia Lands Inc.
Business Plan 2015–2016

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Message from the Minister and the President

Since its establishment in 2006, Nova Scotia Lands Inc. (NSLI) has achieved very steady progress in several major environmental and site redevelopment areas. The decommissioning of the Sydney Steel Corporation (Sysco) plant has been completed, as well as the environmental cleanup of the 185 hectare (ha) site. The first three phases, totaling 68 ha (170 acres) have been completely serviced and turned over to Harbourside Commercial Park Inc. (HCPI) for commercial development. Phase IV and V will be turned over and paid for out of this year's budget for a total of 34 ha (88 acres). On the remaining portion of the former Sysco steel plant site, slag reclamation and sales will continue.

In 2015–2016, one of the roles of NSLI will be to continue activities at the former Sysco site, recycle any remaining products of value, and put in place the necessary infrastructure for continued management of the commercial park facility on behalf of HCPI. Working in collaboration with HCPI, we will continue to assist in marketing this park to regional, national, and international interests. NSLI will also put to use its substantial environmental cleanup experience to deal with other contaminated sites, such as the Boat Harbour industrial waste facility. NSLI will continue as custodian of former Tar Ponds (Open Hearth Park) and Coke Ovens (Harbourside East) sites, ensuring appropriate long-term maintenance and monitoring, while encouraging use and development of the sites.

In 2015–2016, NSLI will continue management of the former Bowater site. We are also continuing to manage the Pictou Wharf facility, which includes major upgrades to the dock utilities and fender systems. NSLI will also continue to manage the reclamation and cleanup of the *MV Miner* on Scaterie Island.

Co-operative efforts will continue with a number of regional municipalities in planning for viable reuse of provincially owned properties in order to assist municipal governments in rebounding from the loss of a major industry.

The Honourable Labi Kousoulis
Minister of Internal Services

Gary Campbell
President, Nova Scotia Lands Inc.

Mission

To prioritize for action, assess, and, where necessary, remediate provincially owned properties, with the objective of returning these lands to reusable condition, with no substantial safety or environmental concerns.

Planning Context

As a Crown corporation, NSLI reports to a board of directors consisting of senior provincial officials. The minister responsible for the Crown Corporation is the Minister of Internal Services. NSLI maintains an office in Sydney, Nova Scotia and an office in Liverpool, Nova Scotia, along with a presence at the Department of Internal Services head office in Halifax. NSLI's website address is www.nslands.ca

NSLI was incorporated in August 2006 and began operations effective April 1, 2007. In recognition of the planned windup of Sydney Steel Corporation (Sysco), it was determined that future activity related to the continued remediation of Sysco's property would be conducted by NSLI. Approximately 75 ha (189 acres) of the former Sysco site has been completely remediated to industrial standards and has been developed as a major industrial park facility. The remainder of the Sysco site comprises the slag dump area, and this product will be mined, as required, by market conditions.

It is anticipated that Harbourside Commercial Park Inc. (HCPI), another provincial Crown corporation, will continue to market, sell, and lease reclaimed properties. NSLI has entered into a management agreement with HCPI whereby NSLI supervises the operations of the commercial park as well as assisting in marketing the park.

In addition, the former Bowater Mill site in Liverpool, Nova Scotia, is being managed and developed by NSLI. The site, known now as Port Mersey Commercial Park, will be marketed in a similar fashion to HCPI, with the objective of spurring economic development.

Also, NS Lands manages the former Tar Ponds and Coke Ovens sites, known as Open Hearth Park and Harbourside East, respectively, ensuring proper environmental monitoring and maintenance.

Throughout its operations, NSLI will be guided by important key principles. These principles include strict attention to environmentally safe practices, a strong commitment to the health and safety of workers, respect for local communities, adherence to fiscal responsibility and public accountability, and the practical use of local labour and supplies.

In addition to management of the Sysco and Tar Ponds properties, NSLI will work in partnership with provincial government agencies and departments as it plays a new role in providing management, operation, security, and administrative services in the remediation of other environmentally challenged sites under the control of the Province of Nova Scotia. With this in mind, NSLI has been asked to work with other relevant provincial agencies in the long-term plan for the remediation of the contaminated Boat Harbour wastewater treatment site in Pictou County.

Strategic Goals

1. Safe and environmentally reusable remediated provincial lands
2. Recreationally, commercially, and industrially developed designated provincial lands

More specifically, NSLI will

- continue managing the former Sysco site
- continue management of former Tar Ponds (Open Hearth Park) and Coke Ovens sites (Harbourside East)
- continue management of Bowater site (Port Mersey Commercial Park)
- continue to put in place the required infrastructure to allow for redevelopment of the Port Mersey site as a viable commercial park facility
- continue to co-operate with the Cape Breton Regional Municipality in planning activities for viable reuse of former Sysco lands and assets, including necessary water supply, in efforts to increase the municipal tax base
- assist in prioritizing provincially owned sites under its mandate to ensure that present public safety issues or serious environmental concerns are high on the action list
- assess and, where necessary, remediate and redevelop provincial lands for future uses in an environmentally sound manner, meeting the province's obligations and strengthening relations with local communities
- maintain adequate security on sites to prevent the loss of provincial property and site assets and to maintain safe conditions
- actively manage and market Harbourside Commercial Park as a viable location to establish commercial and industrial enterprises
- actively manage and market Port Mersey Commercial Park, in Liverpool, to establish commercial and industrial enterprises
- actively manage and market the Pictou Wharf as a viable shipping facility
- manage the reclamation and cleanup of the *MV Miner* on Scaterie Island
- in cooperation with relevant provincial agencies, plan for the future remediation of the Boat Harbour wastewater treatment site

Core Business Areas

Continued Development of the Former Sysco Site as Harbourside Commercial Park

No further environmental site assessments are needed; however, ongoing monitoring will be required.

Work will continue in the management of the properties into useful and valuable commercial real estate.

Development of the Port Mersey Site in Liverpool

Work will continue in the management of the properties into useful and valuable commercial real estate.

Management of Open Hearth Park and Harbourside East (Former Tar Ponds and Coke Ovens Sites)

Practice standards whereby we can allow development of the Harbourside East site.

Continue to promote and encourage use of the Open Hearth Park site.

Manage the long-term maintenance and monitoring program to ensure safe and environmentally sound use of both sites.

Environmental Site Assessment, Remediation, and Redevelopment of Other Sites

Some other former Sysco and non-Sysco properties require environmental site assessments or additional physical assessment. Physical assessment may include locating buried hazards, underground tunnels, or areas of surface soil subsidence.

Remediation or restoration and redevelopment plans will be developed and implemented as required. Remediation may include removal of hazards, demolition, soil and seed application, tree planting, remediation of contaminated soils, redirection or treatment of groundwaters, and other activities. Redevelopment may include rehabilitation of existing infrastructure.

Scope of work is to be defined by or in conjunction with other departments.

Reuse of Blast Furnace Slag By-products

Slag materials were produced as a by-product of the steelmaking process. Several hundred thousand tons of these products are on the former steel mill site. It has been demonstrated that several of these products are valuable as construction aggregates, filter media, and concrete aggregates. NSLI will continue to encourage and help private-sector companies to reuse these products for construction activities.

Priorities for 2015–2016

Former Sysco Site

- Continue management of lands on behalf of HCPI
- Continue long-term maintenance and monitoring of site
- Continue slag quarry
- Monitor air, sample groundwater

Management of Open Hearth Park and Harbourside East (Former Tar Ponds and Coke Ovens Sites)

- Support and ensure public activity in Open Hearth Park

- Maintain and use covenants allowing ways forward for commercial development of Harbourside East
- Continue with long-term maintenance and monitoring program
- Maintain archives of site cleanup

Management of Port Mersey Commercial Park (Former Bowater Site)

- Continue management of Bowater site – Port Mersey Commercial Park – on behalf of HCPI.

Nova Scotia Sites Review and Prioritization

- Continue to meet with those with vested interests (Natural Resources, Public Works and Government Services Canada, etc.) who may have knowledge of the sites and may have already identified problems or have had assessments done
- Work with other government departments on plans for the cleanup and redevelopment of provincial sites, including the Boat Harbour wastewater treatment site.

Environmental Site Assessment, Remediation, and Redevelopment of Other Sites

- Complete physical assessments on selected sites
- Complete CCME-based environmental site assessments on selected (higher priority) sites
- If problems are identified, develop a priority list to remove public safety hazards and environmental concern at prioritized sites
- Continue other ongoing assessments
- Carry out other work as contracted from other government departments
- Manage redevelopment of Pictou Wharf
- Continue management and redevelopment of Bowater site into a commercial park

Sydney River and Grand Lake Water Systems

- Maintain ongoing management of the Sydney River dam and fish ladder.
- Maintain Grand Lake dam and fish ladder.
- On behalf of HCPI, manage Grand Lake water supply operations.

Budget Context

	Estimate 2014–15 ($ 000)	Forecast 2014–14 ($ 000)	Estimate 2015–16 ($ 000)	Port Mersey Estimate 2015–16 ($ 000)
Revenue				
Management fee from HCPI	91	91	160	0
Leases and rent				300
Provincial funding				2,135
Economic development				1,250
Other				350
Miscellaneous recoveries	3,860	13,644	6,378	0
Miscellaneous revenue	0	3,735	0	0
Recovery from Tar Ponds (LTMM)	0	560	1,058	0
Recovery from Sysco	869	407	1,061	0
Total revenue	**4,820**	**18,437**	**8,657**	**4,035**
Expenses				
Payroll	1,050	1,114	1,252	0
General and administrative expenses	300	347	588	4,036
Project management	100	46	100	0
Security services	100	53	0	0
Sysco LTMM	300	225	424	0
Sysco infrastructure	495	114	550	0
OHP (LTMM)	0	0	807	0
OHP improvements (LTMM)	0	0	97	0
MV Miner	0	0	4,739	0
Pictou Wharf	0	0	100	0
Non-Sysco projects	2,475	16,538	0	0
Total expenses	**4,820**	**18,437**	**8,657**	**4,036**
Net income	**0**	**0**	**0**	**(1)**
FTEs	15	9	16	4

Outcomes and Performance Measures

Core Business Area 1 *Provincially owned lands in need of remediation are made safely and environmentally reusable*

Outcome	Measure	Base Year	Trends	Target: 2015–16	Strategies to Achieve Target
Environmental monitoring for Tar Ponds and Coke Ovens sites	Two assessments to be done on groundwater	2011–12	2011–12: 10% 2012–13: 90%	100%	Ongoing assessments
Develop covenants	Commercial Development	2014–15		100%	Use internal resources to develop document
Long-term maintenance and monitoring program (25-yr plan)	Establish program Continued monitoring and maintenance	2014–15		100%	Use internal resources Plan established and will be managed
Maintain archived data related to clean-up of sites	Documents library	2014–15		100%	In progress
Effective monitoring of Sysco site				100%	Ongoing
Effective management of Sysco site	Monitoring ground water			100%	Ongoing
Effective management of Bowater lands	Secure $300,000 in leases and $300,000 in wharf usage			100%	Ongoing

Core Business Area 2 *Designated provincially owned properties are recreationally, commercially, and industrially developed for social and economic benefit*

Outcome	Measure	Base Year	Trends	Target: 2015–16	Strategies to Achieve Target
Health and safety issues identified	Document problems and develop action plan	2009–10	2015–16: Ongoing as per needs	All main H & S issues dealt with	Use internal resources to repair problems presenting a safety concern
Pictou Wharf redevelopment	Fender upgrades	2013–14		100%	Completed this year if resources are available
Management of Bowater (Renova) site	Continue ongoing redevelopment and cleanup		2015–16: 50%	100%	Building improvements Road improvements

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Nova Scotia Liquor Corporation
Business Plan 2015–2016

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Mandate and Legislated Responsibility

The Nova Scotia Liquor Corporation (NSLC) is governed by the Liquor Control Act (LCA) of Nova Scotia. The most fundamental element of the organization's role derived from the LCA is responsibility for the receipt, distribution, regulation, and control of beverage alcohol in Nova Scotia. Safe and responsible distribution and sale of beverage alcohol, including the prevention of alcohol sales to minors, is fundamental to our mandate.

The legislation describes five key responsibilities of the organization, specifically,

1. promotion of social objectives regarding responsible drinking
2. promotion of industrial or economic objectives regarding the beverage alcohol industry in the province
3. attainment of suitable financial revenues to government
4. attainment of acceptable levels of customer service
5. conduct of operations as a viable commercial enterprise

Purpose and Vision

The business plan for fiscal 2015–2016 represents the first year of our new Five-Year Strategic Plan. Our purpose remains unchanged.

Purpose: To bring a world of responsible beverage enjoyment to Nova Scotia.

Through our strategic planning process, we refreshed our vision.

Vision: To be a superb retailer recognized for an engaging customer experience and to be a valued industry partner.

Planning Context

During the development of our annual business plan (2015–2016), we considered emerging trends within the retail industry, the NSLC's current environment, and the goals that form the basis of our Five-Year Strategic Plan (2015/16–2019/20). All of these aspects are taken into consideration in an effort to best serve our customers and to provide value to all Nova Scotians.

Retail Trends Relevant to the NSLC

- **Omni-channel retailing:** Consumers are expecting to interact with retailers in a broader way than simply the "bricks and mortar" approach of the past.
- **Digital disruption:** The consumer's path to purchase is being influenced by technology at a rapid speed.
- **Customer centricity:** Having an organizational focus on the customer to better satisfy and service customers.
- **Social voice:** Operating as a good corporate citizen concerning governance, environmental, and social aspects of a business, building trust with consumers.
- **Buy-local movement:** Supporting and celebrating locally produced products.

Key Considerations in NSLC's Current Environment

Consumption levels

In terms of total consumption of beverage alcohol, Nova Scotia represents a moderate-consumption environment, consistently indexing below the national level. According to the Canadian Alcohol and Drug Use Monitoring Survey from 2012, approximately 72.3 per cent of the population of Nova Scotia has reported drinking alcohol, with reported per capita consumption the third lowest in the country (see chart below).

Overall per capita consumption in Nova Scotia has been on a decline since 2010. Retail transactions have been declining even though the population of those of legal drinking age (LDA) has actually increased.

Consumption levels and preferences change as customers age, and customer service level expectations vary within each age group. In general, we have noted that the age group of 55 and older are consuming less in volume and are beginning to make up a greater portion of the LDA population. Understanding the make-up of our customers provides direction on how to execute customer strategies.

Nova Scotia market: Economic and demographic environment

The economic and demographic environment within Nova Scotia has shown patterns of urbanization, out-migration, and an aging population with overall lifestyle changes occurring – all having an impact on consumption trends. Pressures on peoples' disposable income and net savings are

Total per Capita Consumption of all Alcoholic Beverages

	2009	2010	2011	2012	2013	Ranking
Canada	8.2	8.2	8.0	8.1	8.0	–
Yukon	13.1	13.6	13.3	13.0	13.0	1
Newfoundland and Labrador	9.1	9.5	9.4	9.6	9.4	2
Alberta	9.4	9.1	9.1	9.2	9.3	3
Quebec	8.3	8.5	8.4	8.6	8.3	4
British Columbia	8.6	8.6	8.1	8.1	8.2	5
Saskatchewan	8.0	8.2	8.0	8.2	8.1	6
Prince Edward Island	8.2	8.4	8.2	8.0	8.0	7
Manitoba	8.0	8.0	7.9	8.0	8.0	7
Nova Scotia	**8.1**	**8.1**	**7.9**	**7.8**	**7.7**	**9**
Ontario	7.6	7.5	7.5	7.5	7.5	10
New Brunswick	7.1	7.2	7.0	6.7	6.5	11

Source: Statistics Canada. Table 183–0019 — Volume of sales of alcoholic beverages in litres of absolute alcohol and per capita 15 years and over, fiscal years ended March 31, annual (litres).

impacting their discretionary spending (see Household saving rate chart below).

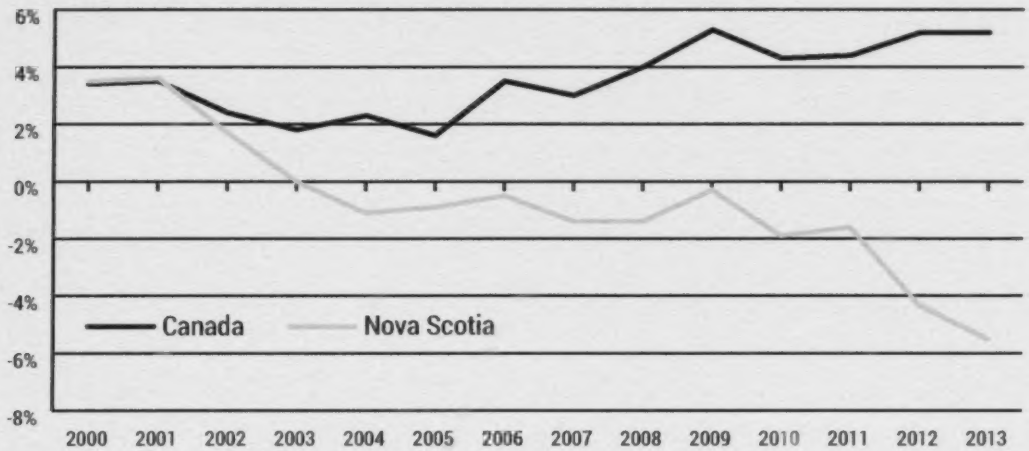
As our transactions continue to decrease, we need to assess how consumption patterns are changing and adapt to changing customer demands. These variables can be viewed as both challenges and opportunities and were key consideration points when establishing our goals for the next five years.

Given our current environment, product assortments, promotional offers, and the overall customer experience are critical to maximizing our earning potential and delivery of income to the province.

The following are key economic statements for the province from the Department of Finance (December 2014):

- Nova Scotia's economy grew 0.3 per cent in 2013, reversing the 0.3 per cent decline of the previous year. Economic activity is expected to pick up in 2014 and 2015 to 1.6 per cent and 2.0 per cent, respectively.
- Inflation has been around 2.0 per cent in both Canada and Nova Scotia for most of 2014 as price pressures from a lower Canadian dollar and energy are passed to consumers. These effects will dissipate, and inflation is expected to move lower, in 2015.
- So far in 2014, the labour force and employment have similar declines, down 1.7 per cent and 1.5 per cent, respectively. A large decline occurred in the number of self-employed; a smaller decline occurred in the number of employees.
- The labour force in 2014 has decreased by 8,300 (–1.7 per cent) in the period January–November 2014 as the population shifts into older age groups with lower participation rates.
- Retail sales increased 2.5 per cent for January–September 2014 with greater sales at gasoline stations, general merchandise stores, and motor vehicles and parts dealers.

Household Savings Rate
(net savings as per cent of disposable income)



Source: Dec 11, 2014, Current Economic Environment and Outlook – Nova Scotia
www.novascotia.ca/finance/statistics/archive_news.asp?id=10389&dg=&df=&dto=0&dti=3

- Over the medium term, Nova Scotia's economic outlook is expected to be largely determined by the pace and scale of major projects, and influenced by the level of involvement of local firms and labour.
- Projected economic growth depends on the medium-term demographic assumptions that net out-migration trends reverse.

The Conference Board of Canada is forecasting a recession in Alberta in 2015, which could impact population levels in Nova Scotia if people move back to Nova Scotia.

Combinations of these factors play a role in influencing our business strategies, overall financial targets, pricing, network planning, and how best to service the needs of customers.

Weather

Weather will always be a factor that affects our sales performance; a correlation has been established between sales and daily temperature through the week and precipitation on Friday/Saturday. This correlation is particularity evident with beer sales during the critical sales period of May through Labour Day. Weather can influence customer "occasions." When seasonally lower temperatures and wet weather occur, especially leading into a weekend, transactions are lowered. After the Labour Day weekend, weather has less impact on customer "occasions" and related consumption.

Weather conditions were favourable to our sales performance in fiscal 2014–2015.

The Nova Scotia beverage alcohol producing industry

The Nova Scotia beverage alcohol industry has been experiencing growth in revenue, and in the number of local wineries, craft breweries, and craft distilleries. In fiscal 2013–2014, Nova Scotia–based wine products accounted for 8.1 per cent of total wine sales, growing from $5.0 million in 2009 to $10.4 million in 2014, with the growth continuing into the current fiscal year. Today, one out of every $12 spent on wine in our stores goes to locally bottled products. Nova Scotia, as a region, is our fifth largest seller after four other countries: Canada, Australia, Italy, and the United States. The Nova Scotia craft beer sector experienced 22.0 per cent growth in fiscal 2013–2014 and accounts for one out of every two bottles of craft beer sold in our stores. There were four new entrants into the craft beer sector in 2014, with an additional four locations working toward being operational in 2015.

Overall demand is rising as customers discover Nova Scotia products. The "buy local" trend has been a positive factor on the industry. As this trend continues to gain support, individual customers, as well as the licensee communities, are purchasing more products directly from local producers. This means great things for their local communities, as more money is being reinvested in the community by supporting these small businesses and their employees.

Through mark-up structures and other means, we provide financial and other support to the growing Nova Scotia industry. Though this affects our overall profitability, broader economic benefits are achieved for the province.

Government and public policy

As a Crown corporation, we are subject to changes the provincial government can make to legislation, regulations, and public policy, which could have a direct impact on our operations. We continually work with government in an effort to inform and improve the industry, as well as to provide counsel on relevant issues concerning the overall beverage alcohol industry.

Vendor and industry partnerships

The support and partnerships with our suppliers and industry partners is critical to our success. Their level of participation and investment in the Nova Scotia beverage alcohol sector directly contributes to our financial performance.

Our New Five-Year Strategic Plan (2015/16–2019/20)

Everything we do is a reflection of our brand.

Corporate Social Responsibility (CSR) and our Values are the main support components of our brand. They serve as the filter we view all decisions through. We have a culture rooted in customer service excellence and in public safety concerning responsible consumption of beverage alcohol.

Our customers, local industry, and our sense of fiscal responsibility are our key focuses, with our people and technology serving as our foundation. It is through the strength of our foundation, primarily our people, that our brand is well supported.

Values

During our strategic planning process, we formalized a set of values that will be fundamental to everything we do.

Our values are a reflection of what defines us as an organization both internally and externally. The values we hold and how they are put into action are key elements of our culture. Engagement comes from all the behaviours and actions being demonstrated and respected by all of us and reflected in our day-to-day operations. Our KORE values are as follows:

Knowledgeable:

- We are proactive teachers and learners. We take the initiative to learn more about our products, our business, and our customers, and we willingly share our knowledge with others while working in a professional manner.

Optimistic:

- We share a positive outlook; our efforts are considered to be worth every smile. We are passionate about serving our customers and excited about the NSLC's future.

Responsible & Respectful:

- We commit to being held accountable for what we say and do. We maintain focus on our mandate by making well-informed choices and by doing what is right.

- We think of our customers in everything we do and treat them with respect, while demonstrating respect for one another in pursuing our goals. The opinions, ideas, input, and contributions of others matter.

Engaged:

- We work collaboratively as one team, believing in our journey, and are committed to achieving the NSLC's goals and objectives in an environment based on trust and transparency.

Corporate Social Responsibility

We take our legislated mandate very seriously and consider it a top priority to deliver the responsibilities entrusted to us under the Liquor Control Act. We make concerted efforts to be a good corporate citizen and recognize our important role in the communities we operate. We take an integrated approach to Corporate Social Responsibility that looks at what we do, how we do it, and who we interact with, while considering the impacts to accountability, community, responsibility, and sustainability.

Strategic Goals

We are entering a new Five-Year Strategic Plan in fiscal 2015–2016, where we will continue on our journey of being a superb retailer, focusing our efforts on celebrating our people, the industry, and communities while helping our customers enhance life's occasions in a responsible manner.

Five-Year Strategic Goals and Strategies are as follows:

Customer – To achieve exceptional customer satisfaction through engaged and personalized experiences:

- Evolve the customer offer through insights and a relentless focus on the customer.
- Leverage omni-channel retailing and adapt our business model to improve service to the customer on their path to purchase.
- Create relevant format diversification in our retail network to add value and broaden the shopping experience.
- Continue investment in our people, targeting product knowledge and customer engagement skills.

Local Industry – To provide an engaged and collaborative business environment for local producers:

- Match retail merchandising activities to support local production levels and satisfy customer demands for local products.
- Continue to expand ways to get product innovation to customers.
- Align promotional efforts to support the growth of local industry.
- Actively participate in industry associations.
- Provide clarity to industry on our regulatory role.

Financial – To strategically maintain profitability, delivering $1.16 billion in earnings over the five years and demonstrating value to Nova Scotians by balancing financial objectives with other legislative mandates:

- Leverage opportunities with our industry partners and others as appropriate to improve overall system-wide performance.
- Continue to evolve our customer insight discipline to drive profitability performance.
- Strategically invest in our network and technology to support our business model.
- Provide financial and operational support for local industry aligned with industry growth strategies.
- Invest in training for our people, in support of our customer-focused strategy.

Corporate Social Responsibility – To integrate our Corporate Social Responsibility approach throughout the organization and implement meaningful and impactful initiatives:

- Accountability: Increase the level of transparency and reporting through enhanced internal and external communication.
- Sustainability: Further invest in sustainable business practices.
- Responsibility: Deliver innovative and effective approaches to responsible consumption in conjunction with industry partners.
- Community: Leverage the influence and impact of the NSLC to make a meaningful social and economic contribution to Nova Scotia.

Visit our Five-Year Strategic Plan for more details.

Annual Business Plan (2015–2016)

Key Focus Areas

As we move forward, we will continue our efforts to become a customer-focused organization and work to strengthen our foundation. Through transparent communication, we will demonstrate our value to Nova Scotians, making all efforts to preserve our financial contribution to the province while balancing support to the local industry.

An important focus of fiscal 2015–2016 will be the roll-out of our new Five-Year Strategic Plan. It is imperative that employees understand our journey, feel a part of it, and are optimistic that together we can achieve what we have envisioned. In conjunction with the roll-out, operational plans will be developed and implemented to ensure that we are on the path to realizing our goals as specified in the strategic plan.

Customer

Being a customer-focused retailer has become increasingly important to keep our customers engaged, satisfied, and loyal. Reviewing trends and insights allows us to provide relevant product offers and to design our retail network based on customer demands in an effort to keep customer satisfaction at the forefront of our activities. We need to continually ask ourselves how we can positively affect the customer experience and to always consider our efforts to be "worth every smile." In fiscal 2015–2016, we will continue to evolve customer segmentation and integration of insights into marketing, merchandising,

and retail network planning activities. We will also begin the implementation of additional customer experience programs to evolve and clarify the customer offer.

Making each shopping experience enjoyable and personalized is the key driver for everything we do for our customers. Our Retail Product Specialists (RPS) proactively learn about our products and share that knowledge with their colleagues. Plans to further evolve the RPS role will be put in place to strengthen the customer experience provided by our RPS team. Our Wine Discovery Guide, helping customers take the mystery out of the bottle, continues to be expanded and has been well received by customers. Similar efforts were made in fiscal 2014–2015 within our beer category and are planned to be integrated within the spirits category in fiscal 2015–2016.

Our online and digital strategies continue to be developed and improved. During the Port of Wines (POW) Festival, 30 per cent of our guests chose to interact with the event using our new event app. With the positive feedback, we will be utilizing the app at various upcoming events, demonstrating that we want to interact with customers on their terms, be it digital or one-on-one. The re-platforming of our website (myNSLC.com) will continue in fiscal 2015–2016, focusing on the user experience and customer journey.

A new Five-Year Network Plan is being developed in conjunction with our strategic plan. In fiscal 2015–2016, we will introduce new innovation into our store network.

Local industry

During fiscal 2014–2015, we conducted a review on how we could better support craft distillers in Nova Scotia, as they were not receiving financial support similar to that of local craft breweries and wineries. New policies have been developed for craft distillers to support the growth and development of the sector. Additional support for craft distillers will be implemented in April of fiscal 2015–2016 as part of our biannual pricing review. The Nova Scotia commercial winery sector was also reviewed, with a new policy developed and additional financial support being put in place in fiscal 2015–2016 for "bottled in Nova Scotia" products.

The Wine Industry Development Board has been put in place to bring together various participants from government and the local wine industry to provide direction on future strategies and objectives for the industry. Work will continue over the upcoming years to provide counsel and to recommend regulation and policy changes that will help the industry achieve objectives.

The buy-local movement has been increasing in its level of support as well as in overall demand by consumers. We work with the local industry to find ways to support their growth, including financial incentives that allow them to invest more into their businesses, and by directly utilizing our retail network and retail expertise to promote their available products.

We began a Manufacturer policy review in fiscal 2014–2015, and in fiscal 2015–2016 the policy will be updated. We will also produce a guide for suppliers to provide clarity on laws and regulations and applicable NSLC policies.

Financial

Protecting the financial return to Nova Scotians is at the forefront of our decision making. As a result of continued declines in the volume of beverage alcohol sold in the province, we continue to manage margin and expenses carefully.

We continue to review and refine our processes, bringing efficiencies into the workplace, providing prudent oversight into initiatives, and conducting post-mortem reviews to determine if benefits and objectives are being achieved. This provides input into modifications to programs and serves as insight for future initiatives. Efforts will be ongoing in this area over the life of our new Five-Year Strategic Plan.

In fiscal 2014–2015, we further refined our Enterprise Risk Management framework (ERM), integrating risk assessment into our strategic planning process. During fiscal 2015–2016, we will continue to enhance our risk policies and practices.

Corporate Social Responsibility

Our NSLC mandate goes well beyond just being a retailer of beverage alcohol. While delivering revenue to the Province of Nova Scotia is very important, we have a mandate to promote responsible use of the products we sell. In today's world, it is also important to operate our business using sustainable business practices to demonstrate our corporate responsibility. All of these factors are what we strive to achieve as a responsible corporate citizen.

Customers want to trust retailers they engage with and are looking for companies to have a broader social voice demonstrating value to their communities and the environment, and to be good overall corporate citizens. In fiscal 2015–2016, we will develop a communication strategy to actively celebrate the value we add to the communities we serve and the province overall.

Our employees are the main interaction point with customers and are ambassadors for the NSLC. Each year our employees check over a million IDs to make sure our products stay out of the hands of minors. They also spend personal time raising funds for charities and volunteering for their local community causes. We will develop an "NSLC Gives Back" corporate strategy in fiscal 2015–2016, encompassing key fundraising programs. Having our employees provide a personalized experience in their communities is important to us, and we will further develop events led by our RPS team in fiscal 2015–2016.

We will continue to support major environmental projects such as the NSLC Adopt-A-Stream with the Nova Scotia Salmon Association, which protects and conserves local waterways and the fish population. We will continue to work with various partners and support a number of social responsibility efforts – like those with MADD Canada, Nova Scotia Universities, and Budweiser GoodSport – to create awareness of the need to enjoy our products responsibly.

Current social responsibility programs will be extended into fiscal 2015–2016 to continue communicating our messages. The "Keep it Social" anti-high-risk drinking platform developed in collaboration with various universities will be extended beyond the current on-campus focus. Our "Cabbioke" platform will be expanded to include collaboration efforts with various industry partners during key opportunities throughout the year. Underage drinking will be a focus for fiscal 2015–2016,

both through our WE ID program and through a new awareness platform aimed at those who are purchasing for minors.

During fiscal 2015–2016, we will update our CSR framework, aligning objectives with our Five-Year Strategic Plan, while making sure to further integrate it across the business. We take our CSR efforts very seriously. They are key to who we are. We are proud of the efforts of our employees. Our shared values and programs inform and inspire our activities.

We continue to develop our retail network using a sustainable approach in design and build, resulting in stores Nova Scotians can be proud of. During fiscal 2014–2015, we continued our lighting/energy efficiency projects across our existing facilities, anticipating further reductions in our baseline energy consumption levels of approximately 1,000,000 kilowatt hours. Good design at the NSLC is sustainable design; and our new store construction and major renovations use our sustainable design program when appropriate. We target 80 per cent construction waste diversion from landfills, 40 per cent use of locally sourced or recycled construction materials, 60 per cent reduction in water usage, and 40 per cent reduction in energy consumption, including heat recovery, daylighting, and free air cooling, while providing healthy indoor air quality for customers and staff. Our Leadership in Energy and Environmental Design (LEED)–based sustainability program aims to reduce the ecological impact of our facilities. As we move forward in our planning, we will look to further reduce our energy usage and carbon impacts across the retail network by evaluating more energy efficient lighting and mechanical system upgrades, as appropriate and when cost effective.

Foundational Elements

Fundamental to our success is the strength of employees and our technology platforms in place to support the business.

People

The Employee Voice was re-introduced during fiscal 2014–2015 to provide a platform for employees to engage and provide input into specific initiatives. As part of the development of a peer-to-peer recognition program, we used the survey tool to ask employees for input into the program, which will be introduced in phases beginning in fiscal 2015–2016.

In order to deliver both exceptional customer service and financial performance, learning and development efforts will be a continuous activity. Focus during fiscal 2014–2015 has been on the redesign of our Retail and Distribution Centre performance appraisals, creating linkages to competencies allowing for better development plans to be put in place. Casual hiring practices were also updated for efficiencies and inclusion of development plans, with a job fair held for the first time for the Distribution Centre.

During our strategic planning process, we underwent the important work of confirming and articulating our values and associated behaviours, providing clarity on how our values guide our interactions with one another and how they are a part of our decision making. The roll-out and integration of our values into our performance-management practices will begin to take place in fiscal 2015–2016.

Our people are foundational to our success; we will continue to focus on the strengths of our people and provide development and performance-management framework

elements to support them. We began competency mapping and assessments concerning succession planning and development in fiscal 2014–2015; these efforts will continue into fiscal 2015–2016. In fiscal 2015–2016, further development plans, and appropriate implementation timelines will be created to ensure that we invest in strengthening our foundation for success – our people!

The majority of our employees are members of the Nova Scotia Government and General Employees Union (NSGEU). Our three contracts with the NSGEU are in effect until March 31, 2015; therefore, collective bargaining will take place during fiscal 2015–2016.

Technology

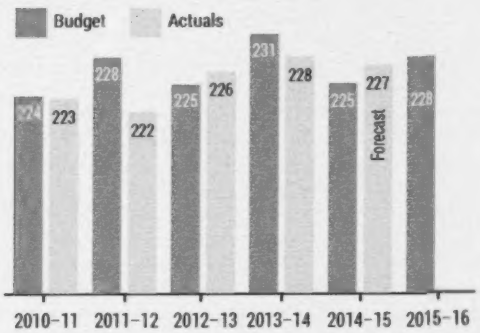
Customers' expectations are rising and changing, with digital technology playing a greater role in their overall retail experience. During their path to purchase, customers are increasingly reliant on technology to inform their purchasing decisions. It is important that we travel with customers on their path to purchase, while providing a consistent, compelling customer experience.

As a foundational element of our business, it is important that we continue to work to create and achieve alignment between our business strategies and our IT strategies. The technology roadmap created in fiscal 2013–2014 continues to serve as a guide to future technology investments, ensuring that we are adequately maintaining our overall infrastructure while introducing innovation that is directly aligned with our strategic priorities. In addition to completing the re-platforming of our website, we will implement significant upgrades to core systems and replace aging infrastructure.

Performance Measures

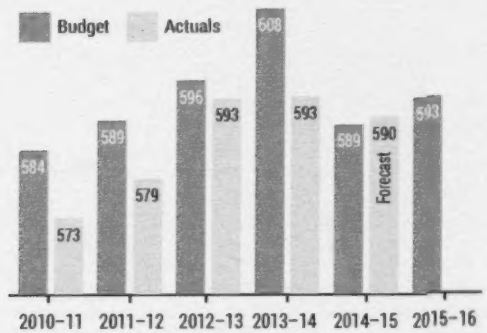
At the NSLC, we use a variety of measures to monitor our performance and operational processes, and numerous performance indicators are used to manage our organization. Key performance indicators are as follows:

Net Income from Operations ($ million)



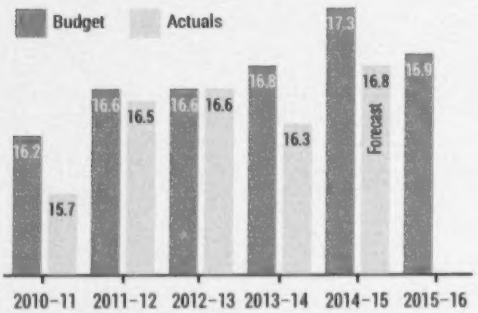
Goal is to achieve or exceed target.

Net Sales ($ million)



Goal is to achieve or exceed target.

Operating Expense Ratio (%) including depreciation



Goal is to achieve or exceed target.

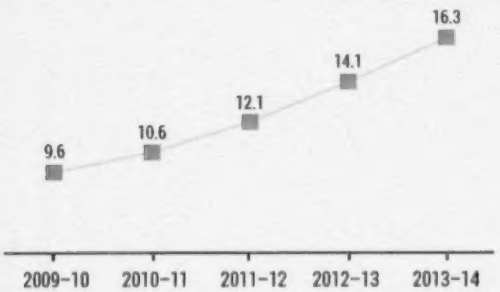
Average Retail Transaction Value ($ million)

Provides insight into the customers' average basket, where selling price, premiumization, and incremental purchases can all be key influencers of this metric.

Goal is to see an improvement over previously reported results.

NS Product Sales ($ million)

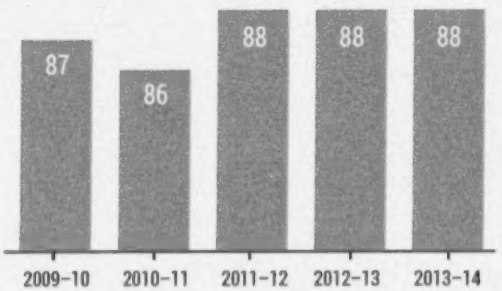
Support of the local industry is a key focus; monitoring sales levels provides insight into the overall health of the industry, currently signalling that the market is still in a growth phase.



Goal is to see improvement over previously reported results.

Customer Satisfaction Index (%)

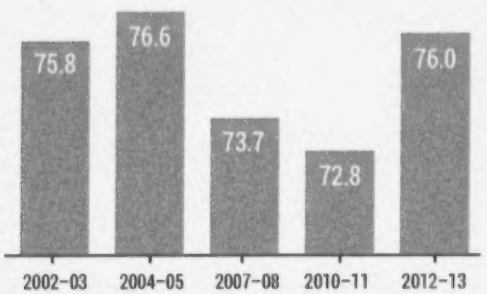
Score reflects percentage of customers who rate satisfaction with their main store an 8 or better out of 10. The measure is used in conjunction with the Customer Satisfaction Index, ensuring that actions taken are in the interests of the customer and business.



Goal is to see an overall improvement in directional trend.

Employee Engagement Index (%)

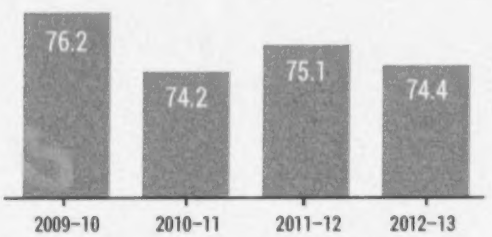
A high level of employee engagement is recognized as a key element in achieving goals and is an indicator of a healthy workplace.



Goal is to see an overall improvement in directional trend.

Brand Health (%)

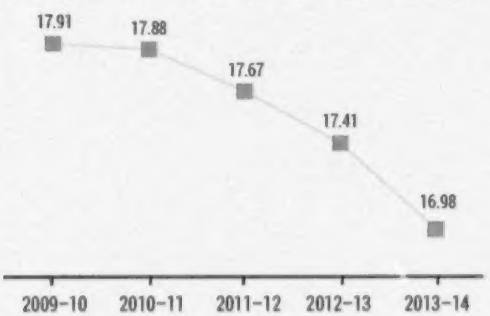
Brand NSLC = Promise + Performance + Perception, as reported by over 800 Nova Scotians via survey. In the evolution of the NSLC to be viewed as a "leading corporate citizen," this survey benchmarks us on overall reputation with other retailers and liquor boards.



Goal is to see overall improvement in directional trend.

Retail Customer Transactions ($ m)

Provides a means to monitor frequency of purchases by retail customers.



Monitored as information/insights based on observed trends.

Budget Context

	Actual 2011–12 ($)	Actual 2012–13 ($)	Actual 2013–14 ($)	Forecast 2014–15 ($)	Sales %	Budget 2015–16 ($)	Change %
Spirits	164,161,504	167,676,041	167,166,069	162,106,354		159,725,418	
Wine	120,243,611	127,699,861	133,211,335	134,603,120		139,337,525	
Beer	279,761,810	282,967,960	278,635,186	275,289,670		273,802,666	
Ready-to-drink	23,294,204	23,123,957	23,895,350	28,186,542		30,750,504	
Non-liquor	116,094	123,369	119,965	121,557		120,000	
Total Gross Sales	**587,577,223**	**601,591,188**	**603,027,904**	**600,307,243**	**101.8**	**603,736,113**	**0.6**
Less: Discounts	8,206,575	8,648,296	9,861,940	10,521,756	1.8	10,706,825	
Net Sales	**579,370,648**	**592,942,892**	**593,165,964**	**589,785,487**	**100.0**	**593,029,288**	
Cost of Sales	262,416,729	268,361,767	268,001,097	263,420,069	44.7	264,380,561	
Gross Profit	**316,953,919**	**324,581,125**	**325,164,867**	**326,365,418**	**55.3**	**328,648,727**	
Less: Store Operating Exp.	57,826,745	59,787,659	60,900,062	60,879,877	10.3	61,583,136	
Gross Operating Profit	**259,127,174**	**264,793,466**	**264,264,805**	**265,485,541**	**45.0**	**267,065,591**	
Less: Supply Chain	6,426,853	6,654,040	6,762,224	6,888,562	1.2	7,019,323	
Corporate Services	21,937,215	24,552,262	23,618,485	24,650,788	4.2	24,650,901	
Other Expenses	2,536,185	2,595,455	1,139,452	2,525,503	0.4	2,468,211	
Add: Other Revenue	4,862,119	5,446,049	5,148,656	5,274,730	0.9	4,748,557	
Total Expenses (excl. stores)	**26,038,134**	**28,355,708**	**26,371,505**	**28,790,123**	**4.9**	**29,389,878**	
Op. Income before Depreciation	**233,089,040**	**236,437,758**	**237,893,300**	**236,695,418**	**40.1**	**237,675,713**	
Less: Depreciation	11,473,996	10,051,599	9,647,840	9,475,635	1.6	9,446,802	
Income from Operations	**221,615,043**	**226,386,159**	**228,245,460**	**227,219,783**	**38.5**	**228,228,911**	**0.4**
Actuarial Loss	1,603,000	2,125,182	(2,295,500)	3,116,000			
Comprehensive Income	**220,012,043**	**224,260,977**	**230,540,960**	**224,103,783**	**38.0**	**228,228,911**	**1.8**
Total Expenses (not depr'n)	83,864,880	88,143,367	87,271,567	89,670,000	15.2	90,973,014	
Total Expenses	95,338,876	98,194,966	96,919,407	99,145,635	16.8	100,419,816	
Volume (hectolitres)					Change %		Change %
Spirits	51,566	50,629	49,085	48,369	-1.5	47,465	-1.9
Wine	88,328	91,104	92,901	92,884	0.0	95,222	2.5
Beer	637,924	630,688	607,852	593,409	-2.4	580,650	-2.2
Ready-to-drink	32,911	32,286	32,547	39,511	21.4	42,513	7.6
Total	810,728	804,707	782,385	774,173	-1.0	765,850	-1.1

Note: Historic sales numbers have been adjusted to reflect a reallocation of a portion of sales dollars to a reduction in Cost of Sales. This has resulted in no change in the Income from Operations for these years.

Note: Historic expense numbers have been adjusted to reflect a reallocation of credit card fees, causing a reduction in Other Expenses and an increase in Store Operating Expenses. This has resulted in no change in the Income from Operations for these years.

Fiscal 2015–2016 Business Priorities

Customer

To achieve exceptional customer satisfaction through engaged and personalized experiences:

- Develop and introduce taste profiles within the spirits category, helping build spirits knowledge, while empowering employees to provide an exceptional level of customer intimacy.
- Continue mynslc.com re-platforming initiative, taking a customer path-to-purchase approach to the digital user experience.
- Continue to evolve customer segmentation and integration of insights into marketing, merchandising, and network planning activities.
- Execute additional customer experience programs to evolve and clarify the customer offer.
- Develop and implement new format diversification in the retail network.
- Further develop the retail product specialist role, and increase overall product knowledge.
- Establish consistent execution of operating standards and employee engagement.

Local Industry

To provide an engaged and collaborative business environment for local producers:

- Provide greater access and visibility for Nova Scotia products, directly utilizing our retail network and expertise.
- Participate in joint industry and government groups to advance sector objectives and determine future strategies for growth.
- Implement policies for craft distilleries and commercial wineries.
- Complete policy review and updates of our Manufacturer policy, along with delivery of a guide for suppliers to provide clarity on laws and regulations and applicable NSLC policies.

Financial

To strategically maintain profitability, delivering $1.16 billion in earnings over the five years, and demonstrating value to Nova Scotians by balancing financial objectives with other legislative mandates:

- Complete identified fiscal 2015–2016 items on IT roadmap.
- Complete Year one of Five-Year Network Plan.
- Develop and implement technology solutions to introduce efficiencies in internal processes.
- Conduct assessment of technology solutions within the Distribution Centre environment to increase efficiencies in order-fulfillment operations and payroll processes.
- Enhance Enterprise Risk Management policies and management practices.

Corporate Social Responsibility

To integrate our Corporate Social Responsibility approach throughout the organization and implement meaningful and impactful initiatives:

- **Accountability:**

  Develop and implement a CSR framework, aligning CSR objectives with the Five-Year Strategic Plan, ensuring integration across business operations.

  Establish process throughout all communications, both internally and externally, to ensure continuity of brand and to actively celebrate how the NSLC adds value to Nova Scotia.

- **Sustainability:**

  Launch new five-year partnership with Nova Scotia Salmon Association and establish integrated "NSLC Adopt-A-Stream" promotional platform.

  Continue efforts to reduce energy usage and carbon impacts across the network.

- **Responsibility:**

  Expand reach of "Keep it Social" University anti-high-risk drinking platform to extend beyond existing on-campus focus.

  Roll out year two of "Cabbioke" responsible drinking platform to include collaborative efforts with industry partners during key opportunities throughout the province.

  Develop social responsibility platform to increase awareness of underage drinking.

- **Community:**

  Create an additional channel of engagement with customers through development of additional RPS-led events within their community to provide a personalized experience for customers.

  Develop "NSLC Gives Back" strategy encompassing key fundraising programs including IWK, United Way, and NSLC Cash Can.

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for the fiscal year 2015–2016

Nova Scotia Municipal Finance Corporation
Business Plan 2015–2016

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Message from the Minister and the Chair

The Nova Scotia Municipal Finance Corporation (MFC) is a Crown corporation of the Province of Nova Scotia. The MFC was established by the Municipal Finance Corporation Act in 1979 and began business in January 1980. The Minister of Municipal Affairs is responsible for the corporation.

MFC's purpose is to provide the lowest cost of financing available to its clients, which include municipalities, municipal enterprises, school boards, and health authorities. In accordance with the Municipal Finance Corporation Act, all municipalities and municipal enterprises must finance their external capital requirements through the corporation. Currently, most school board and hospital capital expenditures are financed directly by the province.

In addition to its core mandate, MFC works directly with clients to support the sound financial management of Nova Scotia municipalities. Staff provides advice on the debenture process and securing temporary borrowing resolutions. The corporation has also developed tools, such as the Debt Affordability Model and Financial Management Best Practices, to help municipalities improve their financial planning and capacity. Finally, by using its biennial client surveys to measure the success of its programs and services – the results of which are reported in this business plan – the corporation is able to identify and respond to ongoing client needs. As throughout its 35 year history, MFC remains committed to fostering a client-focused approach.

The MFC is forecasting to have over $815 million in debentures outstanding at March 31, 2015. New debenture issues in 2015–2016 are estimated to be approximately $157 million, which will be balanced against debenture retirements of $109 million.

The corporation is governed by a board of directors appointed by the Governor in Council. Legislation requires that two of the board members be appointed on the recommendation of the Union of Nova Scotia Municipalities (UNSM). An additional member of the board is appointed on the recommendation of the Association of Municipal Administrators of Nova Scotia (AMA). These appointments provide municipalities with an important voice on the MFC board. Four full-time staff members of the corporation are supported through staff and resources from the provincial Departments of Finance and Treasury Board, Justice, and Municipal Affairs.

The Honourable Mark Furey
Minister

Dan McDougall
Chair

Mission

To provide capital infrastructure financing to clients at the lowest available cost, within acceptable risk parameters, and to provide financial management advice and assistance to clients.

Planning Context

The Nova Scotia Municipal Finance Corporation (NSMFC) faces a number of challenges and opportunities in meeting its strategic goals in the upcoming year.

Ensure access to capital markets and the financial and administrative ability to meet municipal government demand for capital infrastructure funding.

Challenge:

- Global capital markets continue to face challenges, in this case the challenges presented by falling crude oil prices contributing to low inflation rates. Interest rates in Canada fell to historic lows in early 2015 and may remain low for some time to come. While these events appear to be beneficial to borrowers, this may pose challenges for municipalities to issue debt and have investors willing to purchase this debt at very low yields. Hence, municipalities may find wider credit spreads to their host province as investors show a preference for the large liquid benchmark issues of larger provinces.

Opportunity:

- The NSMFC continues to be able to borrow under the Province of Nova Scotia's provincial guarantee, which provides greater borrowing predictability and stability. The province's General Revenue Fund has purchased all NSMFC debt issues since 1998 and is expected to continue to do so in the future.

Maintain current knowledge of developments in municipal government capital finance.

Challenge:

- As a small organization, it is challenging to develop, maintain, and demonstrate expertise in municipal government.

Opportunity:

- NSMFC's new CEO began on December 1, 2014. As a former municipal advisor and municipal finance officer, Paul Wills brings extensive knowledge of municipal government and finance to the position.
- The position of Manager of Client Services was renamed to Policy Analyst. This change was made to better reflect the focus of the position.
- Professional development is a priority at MFC. Each of the four full-time staff attends courses or conferences annually to maintain expertise in their field.

Maintain financial self-sufficiency.

Challenge:

- The NSMFC must remain economically viable in both the short and long terms. This includes matching assets and liabilities to both amount and maturity and maintaining banking arrangements and credit facilities, credit risk, adequate reserves, and the ability to manage administration expenses within the corporation's budget.

Opportunity:

- The NSMFC remains stable, as it has for over 35 years. In addition, no client of the NSMFC has ever defaulted on a loan.
- The NSMFC now has access to a $50 million line of credit from the Department of Finance and Treasury Board to fund its short-term loan program. This program was previously funded through the corporation's reserve fund. This change creates an opportunity for the municipal client, through low-interest loans, and for the corporation to invest and earn more interest on its reserve fund.

Identify client needs and respond to them.

Challenge:

- Municipalities in Nova Scotia must plan and finance their long-term capital infrastructure needs.

Opportunities:

- Opportunities exist to assist municipal governments in Nova Scotia with long-term capital planning and financing options.
- Opportunities also exist to work with local governments to achieve North American standards in municipal financial management capacity through the adoption of recommended practices. For example, the NSMFC worked with the Town of Middleton and the District of East Hants over the past year to implement core financial management best practices.
- Using the new $50 million line of credit from the Department of Finance and Treasury Board to fund the short-term loan program will allow for greater capacity to help fund the cash flow requirements of municipalities between the completion of capital projects and the issuance of debentures.
- The NSMFC is exploring opportunities to utilize e-documents to streamline the debenture process.

The major risks to the corporation are reduced capital market receptiveness to smaller serial debt issues and the availability of human and financial resources needed to carry out its mandate. Some resources are directly under the control of the board, whereas others are provided by provincial departments. The NSMFC will continue to work with provincial departments to align both sets of priorities.

Strategic Goals

The NSMFC's strategic goals are designed to further municipal and departmental infrastructure objectives. Capital infrastructure is a major component of economic development in both attracting and retaining business investment and promoting communities that are appealing places to live.

The following strategic goals have been developed to assist the NSMFC in meeting its mission and providing support for infrastructure, economic, and community priorities:

- Our clients will be provided with capital infrastructure financing at the lowest possible cost, within acceptable risk parameters, and their particular debt structure and timing needs will be met.
- Access to capital markets will be ensured through sound management of all financial aspects of the corporation, including credit risk and asset/liability management.
- Financial management knowledge in municipalities will be strengthened, and municipal capital project planning and financing will be promoted.

These goals are in line with the government priority of responsible fiscal management. Building and maintaining infrastructure creates jobs; allows local businesses to transport goods to market; connects Nova Scotians to vital services, employment, and education; and leads visitors to every corner of the province.

Core Business Areas

1. Providing flexible financing options at the lowest available cost

- Provide financing for clients' approved funding requirements by using pooled debenture issues and short-term loans.
- Facilitate and participate in loans to municipalities from financing sources such as the Federation of Canadian Municipalities' Green Municipal Fund, where funding is available for projects meeting established criteria at below-market rates.

2. Ensuring access to capital markets

- Ensure that appropriate processes are in place for evaluating the creditworthiness of the loans made by the corporation.
- Ensure that the corporation's assets and liabilities are closely matched in both amount and maturity.
- Administer the corporation's financial resources prudently to ensure that the corporation's administrative expenses and reserve balances are within approved policies.

3. Helping build financial management and knowledge

- Partner with municipal clients, the Department of Municipal Affairs, and the Association of Municipal Administrators of Nova Scotia (AMA) on the topic of capital planning and finance.
- Develop programs and services geared toward enhancing our clients' knowledge of capital planning and financing. For example, partner with the Town of Middleton and the District of East Hants to implement core financial management best practices.
- Maintain links with the investment community, public sector finance practitioners, and academics, and carry out research as required to enable the corporation to respond to changing client needs.

Priorities for 2015–2016

The following details the actions, products, and services that the NSMFC intends to carry out in order to fulfill the corporation's mission and to meet its strategic goals.

1. Providing capital financing at the lowest available cost

- The NSMFC will provide low-cost financing by issuing pooled debentures for the approved amount required to meet municipal borrowing requirements and lending a similar amount to our clients. In 2015–2016 the new debenture issuances are expected to be approximately $157 million, which is balanced against retirements of existing debentures of approximately $109 million.
- Pooling of capital requirements allows the NSMFC to access capital markets and achieve pricing based on the Province of Nova Scotia credit spreads.
- The corporation will access its new $50 million line of credit from the Department of Finance and Treasury Board to offer short-term financing for municipalities to help fund the cash flow requirements between the completion of capital projects and the issuance of debentures.
- The NSMFC will facilitate and participate in loans to municipalities from the Federation of Canadian Municipalities' Green Municipal Fund. Funding is available at below-market rates for projects meeting established criteria.

2. Ensuring access to capital markets

- Obtain verification of creditworthiness from the Department of Municipal Affairs (for municipal borrowers) prior to setting the parameters for pooled issues.
- Match the amount, term, and timing of NSMFC debentures with loans to municipalities.
- Manage the NSMFC's financial resources (budget and reserves) in accordance with policies established by the corporation's board of directors.

3. Helping build financial management and knowledge

- Sponsor and assist in planning training workshops aimed at enhancing the overall knowledge of municipal finance and budgeting for municipal staff and councillors.
- Offer training on the NSMFC's core best practices and research support to municipalities to promote effective and efficient financial management.
- Continue to promote the municipal use of the Debt Affordability Model, and provide technical support for municipal administrators. The Debt Affordability Model is a tool used by municipalities to help determine how much debt is too much debt to carry. The model can also be used by municipalities for multi-year budgeting and forecasting and analyzing revenue and expenditure options.
- Conduct research and analysis of what our municipal clients require to increase their infrastructure borrowing capacity, and for NSMFC to develop and tailor its programs and services accordingly.

- Work with the corporation's lead managers and other members of the investment community, staff of the Department of Finance and Treasury Board, other municipal finance corporations, and others involved in municipal capital financing to identify evolving municipal government financial needs and the optimum means of satisfying them.
- Assist the Department of Municipal Affairs in developing an asset management program for municipalities as required by federal gas tax regulations.

Human Resource Strategy

Organizations with small staff are challenged when developing human resource strategies. Development and training opportunities are made available to existing staff to enable them to stay abreast of developments in the industry. The corporation's human resource strategy is aligned with the government resource strategy.

Link to Municipal and Departmental Priorities

The NSMFC contributes to the Department of Municipal Affairs' departmental priorities by helping to finance infrastructure projects that create economic opportunities and safe and sustainable communities. NSMFC loans are used to finance sewage treatment plants, solid waste facilities, and water services that promote clean and healthy communities. Loans are also made to finance streets, buildings, recreation services, and the purchase and development of land. Improvements in each of these areas contribute to safer and healthier communities in Nova Scotia. By working with municipalities to develop recommended financial management practices, the NSMFC also contributes to the fiscal stability of Nova Scotia municipalities. These priorities support the priorities of the Department of Municipal Affairs as well as the oneNS Commission's *Now or Never* report.

Budget Context

Nova Scotia Municipal Finance Corporation Administration Budget

	Estimate 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Total program expenses (gross current)	581.5	557.1	572.2
Net program expenses (net of recoveries)*	0.0	0.0	0.0
Salaries and benefits	385.0	398.8	387.7
Funded staff (gross FTEs)	4	4	4

* The NSMFC is completely self-funded. The costs of administration are covered through an administrative fee that is levied on all municipal loans and from interest revenue earned on investments.

NSMFC Statement of Financial Position March 31, 2014

Financial assets	**($)**
Cash and cash equivalents	6,684,214
Accrued interest receivable	9,973,919
HST receivable	152
Accounts receivable	5,513
Loans to municipal units	797,097,462
Total assets	**813,761,260**
Financial liabilities	
Accounts payable	51,009
Employee obligations	98,917
Accrued interest payable	9,964,606
Debentures	797,058,969
Total liabilities and equity	**807,173,501**
Net financial assets	**6,587,759**
Accumulated surplus	**6,587,759**

NSMFC Statement of Operations March 31, 2014

	Estimate 2014 ($)	Actual 2014 ($)
Revenue		
Interest on loans to units	32,773,177	31,823,718
Interest on short-term investments	67,377	74,733
Recovery of issue cost	571,054	389,566
Administration fee	888,159	474,685
Total revenue	**34,299,767**	**32,762,702**
Expenses		
Interest on debenture debt and short-term loans	32,771,198	31,821,744
Debenture issue expense	566,758	386,911
Administrative expense	557,815	523,357
Total expenses	**33,895,771**	**32,732,012**
Annual operating surplus (deficiency)	**403,996**	**30,690**
Accumulated surplus, beginning of year	**6,557,069**	**6,557,069**
Accumulated surplus, end of year	**6,961,065**	**6,587,759**

Outcomes and Performance Measures

Core Business Area 1 *Providing Capital Financing at the Lowest Available Cost*

Outcome	Measure	Data	Target: 2015–16	Target: 2016–17	Strategies to Achieve Target
NSMFC clients engage in capital infrastructure development using affordable, timely financing	Percentage of clients that are satisfied with the timing of debenture issues	96% (2015 client survey results)	95%	97%	Align debenture issues with the construction completion schedule and capital budgeting process. Improve application process by working with clients to ensure quick processing of debenture documents.
	Percentage of clients that agree the debenture terms and structure are flexible enough to meet their needs	88% (2015 client survey results)	95%	95%	Promote short-term financing program. Work with clients on financing options (payments and terms). Communicate financing options more effectively (i.e., through the website and consultations). Communicate NSMFC rates and products more effectively with clients (e.g., through the AMA list serve, consultations, and site visits).
	Quality of credit loans	Procedures ensure creditworthiness of loans	Regular review of loan procedures	Regular review of loan procedures	Maintain quality of portfolio
	Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds	Provincial guarantee allows the NSMFC to price off the Province of Nova Scotia spread	Maintain access to the provincial guarantee	Maintain access to the provincial guarantee	Promote profile of NSMFC credit quality to maintain a strong relationship with government to ensure its support of the provincial guarantee

Core Business Area 2 *Ensuring Access to Capital Markets*

Outcome	Measure	Data	Target: 2015–16	Target: 2016–17	Strategies to Achieve Target
NSMFC clients contribute to the corporation's viability by consistently meeting repayment commitments	Client default rate	0%	0%	0%	Ensure that all loans are creditworthy. Promote the Debt Affordability Model. Play a more active role in the creditworthiness procedure (Temporary Borrowing Resolutions). Participate with FRAM Committee in evaluating processes. Monitor loan payment process.
	Matching assets and liabilities Matching of aggregate amounts, terms, and timing of debentures and loans	Assets are closely matched to term and timing	Maintain matching strategy	Maintain matching strategy	Match the term and timing of NSMFC debentures and loans to clients

Core Business Area 3 *Helping Build Financial Management Knowledge*

Outcome	Measure	Data	Target: 2015–16	Target: 2016–17	Strategies to Achieve Target
NSMFC clients are increasing their capacity to engage in good financial management practice	Percentage of municipal clients that have used the Debt Affordability Model	50% (2015 client survey results)	60%	60%	Work with clients to help them implement the Debt Affordability Model. Tailor Debt Affordability Model to better suit the needs of clients.
	Percentage of municipal clients that have used the Financial Management Best Practices	29% (2015 client survey results)	40%	50%	Work with clients to help them implement best practices of their choice. Implement Core Best Practices in Town of Middleton. Promote pilot.
	Increased overall municipal finance knowledge among municipalities Attendance at NSMFC-sponsored Municipal Finance Workshops	65% (percentage of municipalities represented at workshops)	80%	80%	Assist in planning the agenda of the workshops. Promote the workshops more effectively to municipal staff and council members. Maintain the no-fee structure to attend the workshop.
	Percentage of municipal clients that are aware of NSMFC programs and services	85% (2015 client survey results)	95%	95%	Continue to update new website. Explore the use of web-based programs such as webinars. Use email to keep Directors of Finance informed about NSMFC's programs and services. Obtain greater exposure to municipal councils to promote programs and services. Develop new banner and pamphlet for promotion at UNSM and AMA conferences. Increase site visits by CEO.

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Nova Scotia Power Finance Corporation
Business Plan 2015–2016

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Mission

To ensure that the debt of NSPC, which is guaranteed by the province, is discharged in an orderly and timely manner.

Introduction

Under an Asset Transfer Agreement, dated August 10, 1992, Nova Scotia Power Corporation (NSPC) transferred all of its existing assets, liabilities, and equity, except for long-term debt and related sinking funds, to the privatized company Nova Scotia Power Inc. (NSPI) in exchange for matching notes receivable equivalent to the outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The common shares were sold in a secondary offering on August 12, 1992. Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. Concurrently, the Nova Scotia Power Corporation changed its name to Nova Scotia Power Finance Corporation (NSPFC). NSPFC retained the long-term debt, which is guaranteed by the province, and the related sinking funds. The entire original debt of $2,152,879,732 in Canadian dollars, guaranteed by the province, was offset by sinking funds, and the balance was defeased (defined in Performance in 2014–2015) as per the agreed schedule at December 31, 1997.

In terms of the Nova Scotia Power Reorganization (1998) Act, NSPI was reorganized as a holding company, NS Power Holdings Inc., in December 1998. The holding company structure does not change the underlying obligations under the existing agreements. The holding company changed its name to Emera Incorporated on July 10, 2000.

Planning Context

NSPFC continues to be on target to meet its mission objective outlined above during the course of the current planning horizon.

Performance in 2014–2015

The outstanding debt continues to be offset by cash and/or bonds sufficient enough to service and retire all outstanding NSPC debt guaranteed by the province as the debt comes due, a process known as defeasance, in accordance with the terms of the Defeasance Agreement.

Strategic Goal

To monitor the adequacy of the defeasance portfolio and to ensure the repayment of all NSPC debt guaranteed by the Province of Nova Scotia at the respective dates of each debt maturity.

Core Business Area

NSPFC is responsible for monitoring the defeasance and repayment by NSPI of its debt guaranteed by the Province of Nova Scotia. NSPFC holds notes payable by NSPI in case of default of NSPC debt repayment. The final guaranteed note matures February 26, 2031.

Priorities for 2015–2016

1. To ensure continuing progress toward elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
2. To review the defeasance assets to ensure that the defeasance program is positioned such that any potential capital losses are minimized and that there is a very high likelihood of the program achieving its goals.

Budget Context

NSPFC has no employees. NSPI executes necessary transactions to create and maintain the defeasance portfolio. The monitoring of NSPI debt defeasance is performed by a board of directors, appointed by the Government of Nova Scotia, with staff support from the Nova Scotia Department of Finance and Treasury Board. The accounting firm of KPMG verifies that the defeasance assets arranged by NSPC are sufficient to fully defease the outstanding NSPC debt guaranteed by the province. Under the terms of the privatization agreements, NSPI is responsible for the payment of all NSPFC expenses.

Outcomes and Performance Measures

Outcome 1

Entire outstanding debt defeased in accordance with the Defeasance Agreement.

Measure

The Defeasance Agreement required the defeasance of a minimum of $1,381,600,000 of outstanding NSPC debt by December 31, 1997. This minimum has already been met and surpassed, $1,440,290,000 having been defeased by March 31, 1997.

Outcome 2

Defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the province.

Measure

Outstanding par value of debt as at March 31, 2014, was $550,000,000 denominated in Canadian dollars, and US issued par value of debt was $331,590,000 in Canadian dollars; defeased assets as at March 31, 2014, had par values in excess of these amounts. Canadian assets had market values of $808,546,000, and US assets had market values of $452,793,000 in Canadian dollars, thus rendering the guaranteed debt fully defeased. The adequacy of defeasance assets to fully repay all of the outstanding NSPC debt guaranteed by the province is verified by the auditing firm of KPMG.

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Nova Scotia Provincial Lotteries and Casino Corporation
Business Plan 2015–2016

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Message from the Minister, Chair, and President & CEO

We are pleased to present the Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) business plan for 2015–2016. The plan focuses on the continued commitment to offer a gambling industry that is socially responsible while delivering reasonable profits for the benefit of all Nova Scotians.

In addition to managing the lottery and casino businesses, NSPLCC will continue to offer first-class responsible gambling programs to Nova Scotians. With a mandate to deliver 100 per cent of the profits from regulated gambling to help support important government programs and services, NSPLCC and its operators are proud to be key contributors to the Nova Scotia economy.

NSPLCC is a passionate supporter of a healthy and vibrant province, and the 2015–2016 business plan links a progressive business culture with a commitment to giving back to communities throughout Nova Scotia. Through the *Support4Sport* program, Nova Scotians have raised more than $24 million to support local athletes, coaches, officials, and community sport organizations since its inception in 2006. This program is now the largest contributor to sport in Nova Scotia and reflects a longstanding historical link between gambling and sport. Modelled on the success of the *Support4Sport* program, NSPLCC launched *Support4Culture* in 2013, a program that has already contributed $2 million to support the arts, culture, and heritage sectors.

NSPLCC's plan for 2015–2016 highlights its strategies to achieve responsible economic returns in an environment where there is increasing competition from both regulated and non-regulated gambling options. NSPLCC is committed to offering Nova Scotians a socially responsible and economically sustainable gambling industry.

Respectfully submitted,

The Honourable Michel Samson
Acting Minister responsible for Part I of the Gaming Control Act

Kelliann Dean
Chair, Board of Directors

Robert MacKinnon
President & CEO

Mission

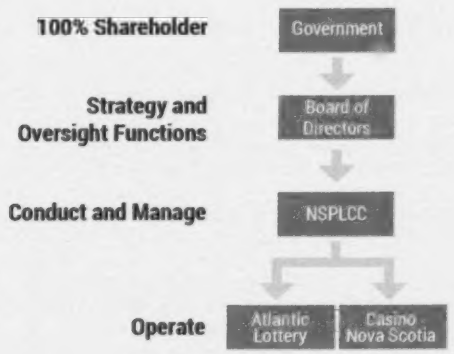
To lead a socially responsible and economically sustainable provincial gambling industry for the benefit of Nova Scotians and their communities.

Organization Purpose and Structure

The Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) is responsible for managing the regulated gambling industry in the province. It is a Crown corporation governed by Part I of the Gaming Control Act and charged with leading an economically sustainable and socially responsible gaming industry for the benefit of Nova Scotians and their communities.

NSPLCC's role is to ensure that the gaming industry is as socially responsible as possible while generating reasonable profits for the provincial government, which go directly to help government pay for important programs, services, and infrastructure. In carrying out this role, NSPLCC oversees and manages its gaming operators, Atlantic Lottery Corporation and Casino Nova Scotia, which carry out the day-to-day business on NSPLCC's behalf. NSPLCC works with its operators to ensure that the industry is transparent, accountable, safe, and entertaining.

The Nova Scotia Government, and ultimately the people of Nova Scotia, are the shareholders and owners of the gaming industry.



The regulation and monitoring of the industry is carried out by the Alcohol and Gaming Division of Service Nova Scotia under Part II of the Gaming Control Act; it acts independently from NSPLCC and the operators.

Planning Context

NSPLCC's planning environment for 2015–2016 is shaped largely by economic factors, competitive pressures, and important social responsibility programs.

NSPLCC's revenues depend on consumers purchasing its products. Purchases of gambling products are a discretionary expenditure, and history has shown that economic conditions have a significant impact on gambling revenues. NSPLCC has incorporated the province's economic assumptions for 2015–2016, which include modest economic growth and a relatively stagnant tourism market.

Although exports from Nova Scotia appear strong, domestic expenditures within the province have remained weak. In addition, the adult population that enjoys gambling products has decreased over the past

decade and continued to decline over the past 12 months. The reduction in the adult population is a result of an overall decrease in the birth rates in the province as well as an accelerated out-migration of young Nova Scotia workers. This has resulted in a stagnant and rapidly aging population from which NSPLCC can draw.

The latest tourism numbers indicate that visitation has remained relatively flat year-over-year; however, demand for overnight accommodations has increased by 2 per cent compared to prior years. Visitation for 2015–2016 is uncertain, particularly for those from outside Canada, and therefore no growth from this segment is reflected in the budgeted performance for NSPLCC business lines. As a result, NSPLCC has incorporated little growth in revenues due to economic factors, including tourism.

NSPLCC competes for consumers who are faced with an array of choices, including both regulated and unregulated gambling offerings such as those offered through the Internet. Nova Scotia's casinos will continue to face direct competition from the casino in Moncton. In addition, First Nations' gambling, including VLTs on reserves, will continue to be a competitive pressure on NSPLCC's video lottery and casino business lines.

Nova Scotia's regulated gambling industry must be competitive and offer consumers gambling products that are fun, relevant, and responsible, in addition to providing entertainment value in an environment of fairness and integrity. This is particularly important in 2015–2016, as NSPLCC expects to see potential challenges at the Halifax casino from possible disruptions related to the re-decking of the Macdonald Bridge and in subsequent years from the anticipated redevelopment of the Cogswell Interchange area.

The public demands that government offer regulated gambling in a socially responsible manner, and Nova Scotians have the right to expect the highest ethical standards, unwavering integrity, and social and fiscal accountability from NSPLCC. Corporate social responsibility is a critical part of NSPLCC's business model. NSPLCC's commitment to being socially responsible means giving players the information they need to play responsibly, ensuring the integrity of the industry, and giving back to Nova Scotia communities. NSPLCC's Social Responsibility Charter outlines its commitments in five Social Responsibility pillars:

1. Responsible gambling
2. Integrity and security
3. Citizens and communities
4. Corporate governance
5. Stakeholder relationships

These pillars delineate what social responsibility means in the provincial gambling industry, what is expected of NSPLCC as a corporate citizen, what NSPLCC's commitment is in meeting these expectations, and how operators and retailers will contribute to the industry as a whole in achieving these outcomes.

NSPLCC has ensured alignment of its business efforts for 2015–2016 with the Social Responsibility Charter, particularly in the area of responsible gambling. In 2015–2016, NSPLCC will continue its focus on social responsibility and will pursue initiatives to fulfill the commitments established in the Charter.

It is within this context that NSPLCC considers the 2015–2016 fiscal year.

Strategic Goals

NSPLCC has three strategic goals to support its mission.

Goal 1: Maintain a sustainable gambling industry

NSPLCC will ensure responsible economic return to the province by

1. accruing direct financial benefits to government, the shareholder of NSPLCC
2. using sustainable business models, incorporating systems to fulfill NSPLCC's commitment to integrity and security, and making evidence-based decisions that incorporate responsible gambling in the design, delivery, promotion, and use of its products
3. delivering benefits to communities, businesses, organizations, and individuals across the province

Goal 2: Ensure that social responsibility is incorporated into all aspects of NSPLCC's operations and business decisions

NSPLCC will advance its social responsibility agenda by

1. leading responsible gambling initiatives that provide Nova Scotians with the information they need to make informed decisions
2. leveraging designated revenue and industry expertise to support good causes throughout the province
3. promoting an environmentally friendly work environment
4. being an excellent employer

Goal 3: Ensure that accountability is at the forefront of NSPLCC's management and communications to its stakeholders and to all Nova Scotians

NSPLCC will provide strong management and accountability by

1. ensuring timely and complete communication to the media, public, and stakeholders
2. managing the business of gambling in an efficient and effective manner
3. making responsible, evidence-based decisions

Core Business Functions

These are NSPLCC's core business functions:

- To oversee the operations of its Operators – the Atlantic Lottery Corporation (ALC) and Great Canadian Gaming Corporation (GCGC), which operates the two Casino Nova Scotia (CNS) facilities in the province – as well as to lead responsible gambling programs
- To develop social and economic strategies that align with NSPLCC's Social Responsibility Charter, and to support the achievement of identified goals and outcomes

- To have open and effective communications with key audiences, including the shareholder, stakeholders, and the public

NSPLCC performs a number of key activities in carrying out these functions.

Operations Management

NSPLCC will continue to effectively manage its various businesses: ticket lottery, video lottery, and casinos. There are three key elements under this activity:

- **Operator Management** – Effective management of the Operators (ALC and CNS), as they relate to Nova Scotia, is a critical function for NSPLCC to ensure that there is alignment of efforts and that priority initiatives are completed as planned. Ensuring that Operators offer socially responsible products in an environment of security and integrity is a key objective.
- **Risk Management and Quality Control** – NSPLCC will continue to proactively manage risks and employ effective quality control processes of NSPLCC and its Operators' day-to-day activities and the business environments in which they operate.
- **Compliance Management** – Compliance management is a critical component of NSPLCC's activities, requiring that all its business activities and those of its Operators conform to applicable legislation, regulations, contracts, and policies. Careful and successful oversight of operations allows NSPLCC to identify areas that require enhancement and ensures that the industry is managed to the highest standards of integrity, public confidence, and security.

Responsible Industry Development

NSPLCC's goal is to develop the gambling industry in Nova Scotia by managing and implementing government policy decisions in a responsible manner. NSPLCC focuses on initiatives that will develop a balanced and socially responsible industry that is sustainable and benefits all Nova Scotians. There are three aspects to this activity:

- **Policy and Planning Development** – NSPLCC will continue to explore new opportunities to responsibly manage the businesses that continue to provide a net positive benefit to Nova Scotians. The main focus of this element is to create an environment conducive to a sustainable and socially responsible gambling industry in Nova Scotia that aligns with the province's objectives for gambling.
- **Responsible Product Implementation** – NSPLCC is committed to making evidence-based decisions in assessing changes to the current product mix and gambling environments in which products are offered. NSPLCC will continue to use responsible gambling and problem gambling experts to assist in this process.
- **Social Responsibility** – Nova Scotia has been a leader in responsible gambling programming and continues to be among the most socially responsible gambling jurisdictions in the world. NSPLCC will continue to offer responsible gambling initiatives that promote awareness, education, and informed choice for all Nova Scotians.

Public and Stakeholder Communications

NSPLCC is accountable to the people of Nova Scotia. This involves timely and relevant communication of information to remain open and transparent to all Nova Scotians.

Priorities for 2015–2016

1. Maintain a sustainable gambling industry

Each year, 100 per cent of gambling profits are delivered back to the province and provide significant benefits to all Nova Scotians through the funding of provincial programs and services including education, transportation, and health. In 2015–2016, NSPLCC will provide $125.2 million to continue to fund essential provincial programs and services. The gambling industry also creates and supports jobs employing approximately 540 people and injects millions of dollars in retail commissions to local Nova Scotia businesses.

In striving to generate responsible economic returns, NSPLCC will focus its attention on the following priorities in 2015–2016.

Casinos

The overarching objective for 2015–2016 is to ensure that CNS better understands the expectations of potential casino patrons and to develop strong relationships with existing players. CNS will increase patron engagement and ensure that the casinos offer a guest-centric entertainment experience that meets or exceeds players' expectations.

CNS will evaluate ongoing tactics to support long-term sustainability of the casino properties. The Halifax casino will likely be challenged in the coming years by significant changes to the infrastructure surrounding the downtown facility (i.e., Macdonald Bridge re-decking and the Cogswell Interchange construction project). Ensuring availability and accessibility to the Halifax casino will be critical to the long-term sustainability of the casino business. Building strong relationships with existing players and maintaining player engagement are believed to be critical to CNS's success in the coming years. The casino will focus on the total experience by ensuring that entertainment is a key component in every aspect of the casino operations, and it will continue to provide guests with the newest and most exciting games on the market, high-quality dining, and compelling and attractive entertainment offerings.

Efforts will be made to build and improve the public profile of the two casinos in Nova Scotia, which are important economic drivers in the province. The casinos will leverage community involvement to engage local communities and civic organizations in improving their opinion of the casino industry and the casino properties as being safe, fun, and entertaining places to visit, and an integral part of the Nova Scotia economy.

Ticket Lottery

Ticket lottery is considered to be one of NSPLCC's most mature business lines. Given its mature state, investments are required to sustain the existing business. Atlantic Lottery will focus on strategies that will responsibly grow the ticket lottery player

base among the adult population and provide a framework for sustainable growth.

The plan for 2015–2016 is to maintain growth associated with the enhancements made to the Lotto Max game as well as the continuation of a successful 2nd Chance program. NSPLCC will improve the player experience for those players who choose to purchase lottery products online and will sustain NSPLCC's ability to compete with competitors in the online space. NSPLCC will strive to ensure that the transactional web portal and any player-facing components meet industry standards and players' expectations. In addition, NSPLCC will continue to ensure that the online platform offers a safe and regulated environment in which to play and provides sufficient responsible gambling programs, information, and tools for those who choose to gamble online.

Video Lottery

Video lottery will remain a sustainable source of revenue for government in 2015–2016. The replacement of all remaining older VLTs was completed in 2014–2015. In 2015–2016, video lottery will continue to be supported through new game content designed to improve product relevance to today's VLT player. Collaboration with VLT vendors will ensure that the right games are in market and that games are meeting the existing player demand. Efforts will be placed on stabilizing the video lottery business and evaluating opportunities to improve product offerings at video lottery sites. Efforts will also be made to further integrate responsible gambling into the day-to-day operations of VLTs at retail locations in order to reduce the stigmatization of video lottery and VLT players.

2. Ensure that social responsibility is incorporated into all aspects of NSPLCC's operations and business decisions

Responsible gambling programs remain a priority for NSPLCC. The Social Responsibility Charter guides the organization in its responsible gambling programming, focusing on providing players with the tools they need to make informed gambling decisions.

The development of NSPLCC's Social Responsibility Charter put social responsibility top of mind, and it is integrated into corporate culture and business processes. All aspects of business are looked at through a social responsibility lens to ensure that NSPLCC meets its commitment to balancing economic sustainability with social responsibility.

NSPLCC's commitment to responsible gambling will be demonstrated by the continuation of a number of responsible gambling initiatives, including the following:

- Responsible Gambling Awareness Week (RGAW)
- Responsible Gambling Resource Centres at both casinos
- Responsible gambling tools and training for ticket and video lottery retailers, casino staff, and NSPLCC employees

In 2015–2016, NSPLCC will continue to offer products that are socially responsible. Responsible Gambling Assessments (RGA) will be performed to ensure that all new products, marketing initiatives, and programs are reviewed using an industry best practice evaluation program. This will also ensure a common approach to social responsibility by NSPLCC and its operators within the province.

NSPLCC will continue to collaborate with industry experts in the field of responsible gambling to ensure that best practices are employed in the region.

Nova Scotia's communities will continue to receive support from NSPLCC. The *Support4Sport* program, which raises funds through the sale of designated lottery products, is expected to raise more than $3 million that will be used to buy sports equipment, create recreation/participation programming for all ages, support performance training programs for competitive athletes, and hire coaches at all levels, making it the largest source of funding for amateur sport in the province.

In addition, the *Support4Culture* program, another designated lottery program, is expected to raise $2 million for arts, culture, and heritage in Nova Scotia.

The *Support4Communities* program provides in-kind support and learning opportunities for charitable organizations in communities throughout the province. Initiatives will continue to include the *Support4Communities* Casino Night program, which supports licensed Monte Carlo fundraisers, and *Support4Communities* fundraising seminars, which provide learning opportunities for community leaders and charitable organizations wanting to improve their fundraising efforts.

Other means of community funding include

- support of community organizations
- support to the harness racing industry as per the Nova Scotia Harness Racing Fund Regulations
- funding of Nova Scotia Cultural Federations, Exhibition Association of Nova Scotia, and Sport Nova Scotia as per the provincial regulations

3. Ensure that accountability is at the forefront of NSPLCC's management and communications to its stakeholders and to all Nova Scotians

As a public organization, NSPLCC is accountable not only to government but also to all Nova Scotians. NSPLCC must account for all of its activities, accept responsibility for them, and disclose results in a transparent manner. To achieve this, quarterly reports, an annual report, a business plan, a community report, fact sheets about NSPLCC programs and the gambling industry, and news releases will be made available via the corporation's website throughout the year. Working with its operators, NSPLCC will continue to ensure that Nova Scotians stay informed about where gambling revenues go, and about responsible gambling programs and the gambling industry in the province.

Through NSPLCC's *Support4Sport*, *Support4Culture*, and *Support4Communities* programs, gambling revenue also helps many organizations and causes that are important to Nova Scotians. Given that the direct benefits of gambling is significant to the province, NSPLCC is committed to ensuring that the gambling industry continues to operate in a responsible, effective, and efficient manner so that these benefits can be sustained.

Budget Context

	Estimate 2014–15 ($ 000)	Forecast 2014–15 ($ 000)	Estimate 2015–16 ($ 000)
Sales			
Casinos	$78,100	$76,400	$77,000
Ticket Lottery	216,200	207,300	213,300
Video Lottery	106,800	113,100	117,500
Total sales	**401,100**	**396,800**	**407,800**
Cost of sales	284,500	277,400	282,700
Gross profit	**116,600**	**119,400**	**125,100**
Expenses			
Responsible gambling programs	6,900	6,400	6,900
Commitments to community programs	6,600	6,200	6,900
Total expenses	**13,500**	**12,600**	**13,800**
Net income	103,100	106,800	111,300
Casino win tax	14,200	13,800	13,900
Payment to province	**$117,300**	**$120,600**	**$125,200**

Outcomes and Performance Measures

Outcome	Indicators	Measures	Baseline	Target 2015–16	2015–16 Strategies and Initiatives	Long-term Target 2019–20
Nova Scotia has an economically sustainable and socially responsible gambling industry.	The province has sustainable source of revenue from gaming to help pay for programs, services, and infrastructure.	Gross sales	1995–96: $312.8 million	$407.8 million	Continue to provide relevant and engaging products to players in a safe and regulated environment	$412.1 million
		Payment to province	1995–96: $120.0 million	$125.2 million	Ensure that Operators are meeting business plan objectives	$127.8 million
	Government has reduced reliance on revenue from VLTs.	Video lottery as % of total provincial revenue	2010–11: 0.91%	0.64%	Remove VLTs through natural attrition	0.64%
	NSPLCC supports small businesses throughout the province through commissions to retailers.	Commission paid to retailers	1995–96: $29.6 million	$34.9 million	Leverage new ticket and video lottery products, and make further enhancements to the video lottery business model	$37.7 million
Nova Scotia has a socially responsible gaming industry, and players have the information they need to play responsibly, and games remain entertaining, safe, and fun.	Nova Scotians are aware of appropriate responsible gambling behaviours.	% of public that can cite two responsible gambling behaviours	2008–09: 16.1%	25%	Execute Responsible Gambling Awareness Week and other responsible gambling programs noted in the NSPLCC business plan	25% NSPLCC believes it is important to maintain existing levels of awareness
	Nova Scotians are aware of and support NSPLCC's support for responsible gambling programs.	% of public that support NSPLCC's commitment to responsible gambling	2007–08: 68%	75%		75% NSPLCC believes it is important to maintain existing levels of support

Outcomes and Performance Measures

Outcome	Indicators	Measures	Baseline	Target 2015–16	2015–16 Strategies and Initiatives	Long-term Target 2019–20
Nova Scotia's gaming industry is trusted and supported, and Nova Scotians are well informed and feel NSPLCC is open and transparent about how the gaming business is being managed.	NSPLCC's response time to routine access request for information.	% of routine access requests responded to within 2 business days	100%	100%	Employ sound operations management	100% NSPLCC believes it is important to maintain existing levels of support
	Nova Scotians are in favour of regulated gaming.	% support for regulated gaming	2006–07: 11%	51%	Execute initiatives in the Social Responsibility business plan	70%

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Sydney Steel Corporation
Business Plan 2015–2016

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Message from the President

The Honourable Labi Kousoulis
Minister Responsible for Sydney Steel Corporation Act
Government of Nova Scotia
Halifax, Nova Scotia

Dear Minister:

In accordance with government policy, please find enclosed the business plan of Sydney Steel Corporation (Sysco) for the fiscal year ending March 31, 2016.

With the decommissioning of the steel plant complete and site remediation activities in the final stages, Sysco has only limited activities relating to a few outstanding obligations resulting from its former operations.

Redevelopment of the former Sysco site by the Crown corporation Nova Scotia Lands Inc. is now well advanced toward a premium commercial park and port facility in the centre of the city of Sydney.

We trust that this limited business plan is satisfactory for the fiscal year ahead.

Yours truly,

Gary Campbell
President, Sydney Steel Corporation

Planning Context

Sydney Steel Corporation (Sysco) reports to the Minister of Internal Services, Province of Nova Scotia, and maintains a head office in Sydney, Nova Scotia.

Sysco's primary activities, subsequent to the closure of the steel mill in 2001, included demolition of structures, processing and sale of scrap steel, remediation of the site, and sale of surplus assets.

During fiscal 2007–2008, it was recognized that the mandate of Sysco was undergoing a significant change. In recognition of this change, it was determined that the future activity of remediation of the Sysco property and its redevelopment as a commercial park facility would be conducted by a new agency, Nova Scotia Lands Inc., purposely designed to meet the property remediation and management role.

Therefore, Sysco will continue to be dormant, with ongoing operations contracted to Nova Scotia Lands Inc. Sysco will remain active only to deal with residual issues arising from historic operations.

Priorities for 2015–2016

The plan for Sysco during the 2015–2016 fiscal year is to continue to wind up activities and have the corporation remain dormant.

Remediation of north lands have been basically completed and can now be sold to Harbourside Commercial Park, at fair market value, for redevelopment as part of the industrial park. The only area to remain with Sysco will be the slag pile and quarry. Liabilities still exist for long-term maintenance, monitoring, and redevelopment as slag is quarried and product sold.

Budget Context

	Estimate 2014–15 ($) ($000)	Forecast 2014–15 ($) ($000)	Estimate 2015–16 ($) ($000)
Revenue			
Contribution from the province	1,395	1,001	1,556
Gain on sale of assets	1,000	—	1,000
Interest income, miscellaneous revenue	5	5	5
Total revenue	**2,400**	**1,006**	**2,561**
Expenses			
Other remediation activities	100	100	100
Consulting	500	500	400
Funding to NSLI for remediation activities	800	406	1,061
Total expenses	**1,400**	**1,006**	**1,561**
Net income	**1,000**	**0**	**1,000**
FTEs	—	—	—

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Trade Centre Limited
Business Plan 2015–2016

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Message from the CEO and the Chair

At Trade Centre Limited (TCL), we pride ourselves on serving as an economic and community driver for Nova Scotia. Through event attraction and hosting, we bring visitors to our province who connect with our businesses, transfer knowledge with our experts and visit all corners of our province – creating benefits that impact all Nova Scotians.

In collaboration with the Province of Nova Scotia and Halifax Regional Municipality (HRM), we continue to operate TCL in a responsible, transparent manner to deliver these benefits to Nova Scotians while maintaining public and stakeholder confidence. Our activities align with our government partners' expectations and aim to maximize the impacts associated with the facilities we operate.

Strategic partnerships and collaboration are at the core of our strategy, strengthening our offering and helping us to connect with the world. We continue to focus on marketing and selling Nova Scotia's new Halifax Convention Centre to attract national and international visitors. Our partners in business, community, and government will help us achieve growth and deliver on our goals.

Looking to 2015–2016, our organization will undergo a significant transformation as we prepare to operate the new convention centre. Changes to our business processes, workforce, and operating structure will position us to operate our new centre at an internationally accredited standard with a focus on service excellence and culinary expertise.

These enhancements will make us stronger, helping us attract and host events that deliver maximum return for Nova Scotians and position us for future growth.

Yours truly,

Scott Ferguson
President and CEO

Justin McDonough
Chair, TCL Board of Directors

Mission

Trade Centre Limited creates economic and community benefits by bringing people together in Halifax and Nova Scotia.

Planning Context

The Ivany Report highlighted underlying challenges in the Nova Scotia economy, and it also expressed its belief that we have the ability to change our path. The coming year has opportunities that we can capitalize on to improve our future. The Nova Scotia economy is expected to have higher growth in 2015 than in the past several years, as major capital projects such as the Halifax Convention Centre and Nova Centre are underway, and external demand is expected to support higher levels of Nova Scotia economic growth.

On a global basis, the uncertainty that has marked the world economy since the Great Recession will continue. The strength in the American economy is counterbalanced by weakness in the European and Japanese economies. The emerging-market economies will be affected differently according to whether they are oil exporters or importers. Current expectations are that growth in the world GDP for 2015 will be higher than for 2014. Despite economic challenges worldwide, the meetings and convention industry remains stable and competitive on a global scale.

Events attract new visitors to Nova Scotia, supporting the Ivany Report's goal to increase revenues generated by tourism. Event hosting also provides a platform to highlight Nova Scotia's strengths in business, research, and academia, often leading to business development and partnership opportunities. This directly aligns with government's goal to create a climate for private sector growth to support the economic goals for Nova Scotia outlined in the Ivany Report. As such, events play an important role in the current and future state of Nova Scotia's economy and create a host of economic, tourism, and community development opportunities for Nova Scotia

An influencing factor on planning for this year is the impact of construction delays on the Halifax Convention Centre, which caused the opening date to shift from 2016 to 2017. Since announcement of this change by Argyle Developments in November 2014, TCL has been working closely with affected clients to address their needs and develop alternative options for hosting their events. As we look to 2015–2016, maintaining client confidence in the new centre and booking business remain key priorities.

Upon opening the new convention centre, Nova Scotia will be well positioned to attract new visitors to the province, spurring economic and community growth. As the first convention facility in the region capable of hosting large and simultaneous national and international conferences, the new centre allows us to meet the needs of our clients and connect them with communities across Nova Scotia.

In April 2014, the Province of Nova Scotia introduced the Halifax Convention Corporation Act, defining the approach to governance and operations of the new convention centre. The Province of Nova Scotia and HRM continue to work collaboratively to establish this new entity. TCL is working closely with our government

partners to understand expectations and timing around this transition. As such, TCL's approach to business activity in 2015–2016 may evolve once government initiates the transition to the new structure.

Strategic Goals

TCL's mandate is focused on creating economic and community impact through attracting and hosting meetings, conferences, and conventions, along with entertainment, cultural, and sporting events. We fulfill this mandate through the Halifax Convention Centre, World Trade and Convention Centre (WTCC), Scotiabank Centre (owned by HRM and managed by TCL), Exhibition Park, and Ticket Atlantic.

TCL has identified two strategic goals:

1. **Growth/Financial** – Create greater economic impacts by growing current business and developing new markets.
2. **Transition to New Corporate Structure** – Develop operational transition plan and strategic framework and support the development of an effective governance structure for the Halifax Convention Centre Corporation.

Priorities for 2015–2016

TCL's corporate priorities are rooted within our strategic goals and our mandate to generate economic and community impact for Nova Scotia. In 2015–2016, we will continue to focus on ensuring the success of the new Halifax Convention Centre through aggressive sales and marketing activity and an operational transition strategy that will position us for future success. We will redefine our internal culture to ensure we have the right people and strategic direction to ensure responsible, effective operations in all our facilities. Finally, we will ensure an effective transition to our new operating and governance structure, following the introduction of the Halifax Convention Centre Act in 2014.

Growth/Financial

Our focus on growth is twofold: on the present, to ensure that we continue attract and host major events in our existing facilities, and on the future, to attract business for the new convention centre.

The following is an outline of the activities we will undertake this year that will help support our growth/financial goal.

Halifax Convention Centre

- ***Sales and Marketing*** – We will continue to focus on generating brand awareness and instilling client confidence to ensure we achieve our public market projections, while addressing the change in opening date from 2016 to 2017. This includes implementing our multi-year sales strategy, which focuses on the national association and international events markets, with a shift to national corporate business later in the fiscal year.

  Sales activity will focus on business that attracts new visitors and new money to Nova Scotia. We are committed to proactively communicating our success and highlighting how the new convention centre supports a climate for economic growth in Nova Scotia.

WTCC

- ***Event Activity*** – In the event business, conferences are often booked several years ahead, therefore many of the significant events that we will host this year are as a result of previous years' sales activities. Effective and efficient delivery of the events we host, including ensuring a high level of customer satisfaction, is paramount to continuing success. Customer satisfaction survey results in 2014–2015 show that 86 per cent of clients who responded rate their experience at WTCC as exceptional or above average, with 97 per cent indicating they would book with us again.

Scotiabank Centre

- ***Key Facility Upgrades*** – We will focus on optimizing the customer experience and extending the life of the facility through implementation of year 2 of our multi-year capital priorities plan, which focuses on replacement of our 37-year-old seats as well as on expansion and renovation of our washroom facilities.
- ***Event Attraction*** – We will continue to implement our strategic event attraction strategy though partnership activity that allows us to attract a strong, diverse mix of events that align with customer and community expectations, making Halifax the top destination for sports and entertainment events in Atlantic Canada.

Community Partnerships

- ***Event Attraction*** – In keeping with our focus to secure national and international events for the new centre, we will continue in 2015–2016 to actively identify and formalize partnership agreements with like-minded organizations. Together, we will implement joint activities that support conference attraction and help Nova Scotia develop a global outlook.

  We will also continue to cultivate project champions who recognize the value of the new convention centre and identify ways they can seize the opportunities associated with it. This collaborative approach to event attraction and hosting is a key differentiator for Nova Scotia and critical to the success of the Halifax Convention Centre.

- ***Community Relations*** – In the lead-up to the opening of the new centre, we will begin to transition to a new, focused community-relations program, that aligns with organizational strengths and maximizes return to the community.

Transition to New Corporate Structure

To effectively transition to our new structure we will need to implement a multi-year operational readiness plan. This includes ensuring that our service excellence vision is defined and embraced while also supporting the development of an effective governance structure for the Halifax Convention Centre Corporation.

The following is an outline of the activities we will undertake this year to help support our strategic goal of transitioning to our new operating structure.

Operational Transition

- ***Operational Readiness*** – We will activate our multi-year operational plan to ensure we are prepared to open and run the Halifax Convention Centre to an internationally accredited standard.

Oversight of this plan will be guided by a formalized internal program management office to ensure a coordinated approach to implementation.

- ***Event Management System*** – We will also focus on implementing technology that will enhance our financial controls and increase efficiency of our operations. A specific example of this technology is the introduction of our new Event Management System, which will allow TCL to integrate leading industry practices into our day-to-day processes.

  Implementation of this system will trigger a full review of our operating processes and procedures to determine our future approach. As part of this process review, we will also assess our supplier partnerships and contracts to determine how best to move forward.

- ***Facility Design*** – TCL will continue to play a lead advisory role in the functional design of the new facility to ensure that it meets operational requirements and customer expectations.

People

- ***Service Excellence*** – We will define our vision for service excellence and develop a program to ensure consistent delivery of service by all of our staff.
- ***Strategic Workforce Plan*** – We will also develop and activate a strategic workforce plan to ensure that the right people are in place to deliver and foster a culture of service excellence at TCL. This plan will be supported by an enhanced internal communications strategy to ensure that employees are informed and engaged throughout the operational transition.

  A follow-up to our 2013 employee engagement survey is planned for fiscal 2016–2017 to measure progress.

Governance

- TCL is committed to maintaining a culture of accountability, organizational effectiveness, and responsible management. This includes the effective transition to the new Halifax Convention Centre Corporation governance structure, which is a key focus for TCL as we prepare for the opening of the new convention centre.

  While the timing of the transition to this entity is unknown, TCL will prepare and implement a governance transition plan at the direction of government shareholders.

Budget Context

TCL is committed to operating its facilities in a fiscally sustainable manner focusing on areas for revenue growth and operational efficiency. Areas of risk to the achievement of this financial goal are the operation of our largest economic generator, the current WTCC, coupled with the operations and maintenance of an aged facility at Exhibition Park. In addition, efforts across all areas of our operations must focus on the delivery of our core business while preparing to operate the Halifax Convention Centre.

Forecasted financial operating results for the current fiscal year (2014–2015) for TCL are ($78,000). Forecasted financial results for the current fiscal year (2014–2015) for Scotiabank Centre are an operating income of $241,100.

Our financial goal in the next fiscal year is to maximize revenue potential and operational efficiencies throughout our core business consistent with Government's fiscal goal of achieving sustainable government by 2017–2018. Our total combined revenue projection for 2015–2016 is $21.3 million (TCL $13.8 million; Scotiabank Centre; $7.5 million), resulting in a combined position before depreciation for TCL of $15,000 and operating income before capital improvements for Scotiabank Centre of $34,000.

TCL's operating income includes revenues and expenditures relating to sales and marketing and operational readiness activities associated with the Halifax Convention Centre.

Operations Budget Summaries
for the year ended March 31

	Estimate 2014–15 ($)	Forecast 2014–15 ($)	Estimate 2015–16 ($)
Revenues	**11,409,000**	**12,374,000**	**12,214,700**
Expenses			
Event operations	5,003,400	5,696,900	5,450,200
Salaries and benefits	3,072,000	3,083,300	3,018,700
General operations	2,725,000	3,047,000	2,965,000
Taxes and insurance	1,008,600	946,800	917,800
Total expenses	**11,809,000**	**12,774,000**	**12,351,700**
Income (loss) before Halifax Convention Centre and depreciation	**(400,000)**	**(400,000)**	**(137,000)**
Halifax Convention Centre			
Revenue from grants	1,205,000	1,792,000	1,618,000
Expenses	1,205,000	1,470,000	1,466,000
Net Halifax Convention Centre	**0**	**322,000**	**152,000**
Operating income (loss) before depreciation	**(400,000)**	**(78,000)**	**15,000**
Depreciation	(2,511,000)	(2,121,000)	(1,545,000)
Income (loss) for the year	**(2,911,000)**	**(2,199,000)**	**(1,530,000)**

Note 1: In Sept 2014, TCL was approved for an in-year grant for an Event Management System. PNS portion of grant is recognized in 2014–15 ($322,000 in capital and $10,000 in project operating expenses). HRM will fund the same amount in 2015–16 to complete the project.

Note 2: Forecasted at January 31, 2015 per TCL's internal financial statements.

Note 3: Halifax Convention Centre revenues, expenditures and budgets are disclosed separately from TCL operations.

Note 4: Revenues and expenses for the Scotiabank Centre are not reflected in this budget. The Scotiabank Centre is a facility owned by HRM and operated by TCL under an operating agreement. All operating income or losses generated accrue to HRM, and all capital improvements are funded by the municipality. In collaboration with HRM, TCL has developed a comprehensive Scotiabank Centre business plan which will identify critical priorities and measures.

Outcomes and Performance Measures

Goal 1: Growth/Financial

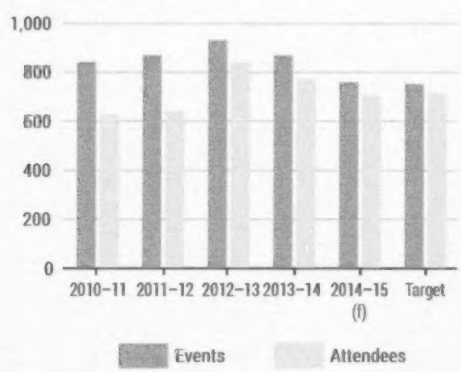
Create greater economic impacts by growing current business and developing new markets.

Economic impacts are created through events and associated attendance in the three existing facilities operated by TCL. These events result in direct expenditures by exhibitors, planners, and promoters on events and activities plus visitor expenditures of attendees, delegates, exhibitors, planners, promoters, and additional party members.

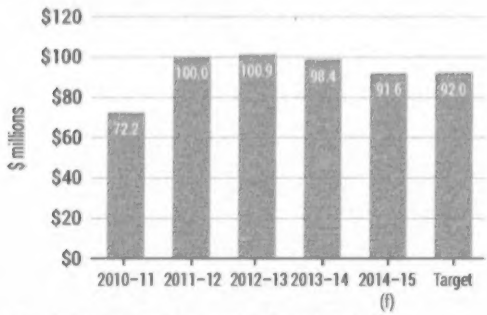
For the upcoming year, TCL's goal is to generate consistent economic impacts as a result of hosting in excess of 750 events across our facilities, with a total attendance target of 710,000. This is expected to generate $92.0 million in direct expenditures, which is consistent with the forecasted direct expenditures for 2014–2015.

Events and Attendance

Attendance is in thousands



Direct Expenditures



Note: 2014–2015 data are based on actual events to end of Q3 combined with internal forecast for Q4.

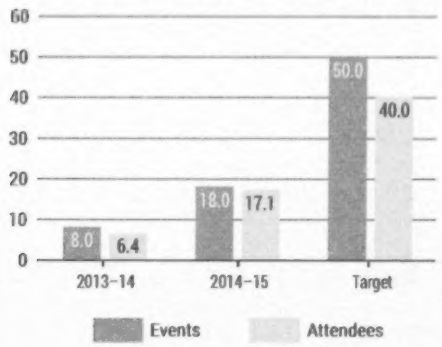
To achieve our growth target, TCL's sales and marketing efforts will continue to focus on attracting national and international events for the new convention centre. As detailed in our public market projections developed in 2010, TCL is committed to delivering 142 significant international and national events resulting in over 76,000 attendees in the first three years of operations of the new facility (2017–2020). Projections were developed based on trends in the market, using 2008–2009 as a base year, when WTCC hosted 31 national and international events resulting in 13,465 delegates.

At the time of writing, TCL had secured a total of 17 events and 16,750 delegates during the 2014–2015 fiscal year[1]. As a result of activity in 2015–2016, TCL is projecting to attract a cumulative total of 50 events (38 national, 12 international) for 2017–2020, with total projected cumulative attendance of over 40,000 delegates for the new facility. These targets are based on meeting our total market projections and are consistent with industry trends as seen over the past two years of selling the new facility.

[1] Booked business for the Halifax Convention Centre was significantly impacted (decreased by 17 events, 12,200 delegates) by the change in opening date from 2016 to 2017, which was announced by Argyle Developments in November 2014.

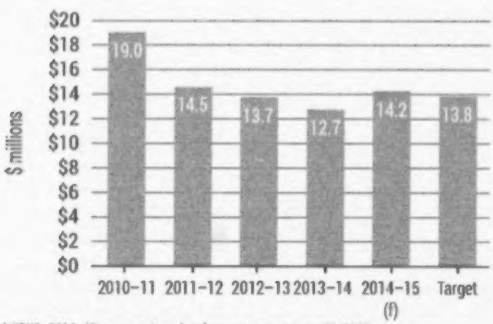
Secured Events for New Halifax Convention Centre

Cumulative Events and Attendance (in thousands) Year Over Year



When evaluating financial sustainability, measurement will be revenues for TCL and Scotiabank Centre of $13.8 million and $7.5 million respectively, and an operating position consistent with approved budgets as demonstrated in final audited financial statements for the year. Key activities to achieve this outcome include the review of core operating areas for further efficiencies and expenditure management.

Revenues



NOTES: 2014–15 revenues based on forecast as at January 31, 2015 per TCL's internal financial statements.

2010–11 revenues reflect a one-time grant of $4.8 million from Economic and Rural Development and Tourism to address accumulated operating losses dating to fiscal 2004–05. Normalized revenue for 2010–11 was $14 million.

Goal #2: Transition to New Corporate Structure

Develop operational transition plan and strategic framework, and support the development of an effective governance structure for the Halifax Convention Centre Corporation.

Operational Transition

TCL continues to focus on internal preparations for the transition to the new convention centre. Successful implementation of a new Event Management System is core to this transition and the primary measure for the success of year two of our operational readiness program.

In addition, formalizing and communicating our vision for service excellence, coupled with the development of the associated training programs and a strategic workforce plan for the organization, will be key measures.

Governance

As we prepare for the transition to the Halifax Convention Centre Corporation, TCL will focus on supporting activities to ensure that an appropriate governance structure is in place to manage the new centre as well as existing facilities. At the direction of government, TCL will implement a transition plan that will include ensuring clarity of mandate, advocating for optimal board composition and implementing an internal and external communications plan.

Pending the timing of this transition, success of this goal can be measured by the completion of the framework for a five-year plan for the Halifax Convention Centre Corporation.

TCL also continues to focus on responsible governance for Scotiabank Centre. This year, we will work with HRM to develop a multi-year operating agreement for Scotiabank Centre to align with our new corporate structure. This priority will be measured through activities reported against the HRM-approved Scotiabank Centre business plan.

The table on the next page summarizes TCL's strategic goals, outcome measures, and key actions for 2015–2016.

Core Business Area

Strategic Goal	Measure	Baseline	Target 2015–16	Strategies to Achieve Target
Growth/Financial – Create greater economic impacts by growing current business and developing new markets	Economic impact of events hosted by TCL in its three existing facilities		Annual target: $92.0 million, consistent with 2014–15 forecast	Multi-year sales strategy for new convention centre focused on attracting national and international events Enhanced brand awareness and marketing strategy in target sales markets to attract new business Development of strategic community partnerships that support conference attraction activities and highlight Nova Scotia's strengths in key economic sectors
	Projected economic impact of events hosted in TCL-operated facilities, including new convention centre	2010–11: $72.2 million in direct expenditures	Ultimate target: $120 million, year 5 operating in new Halifax Convention Centre (plus average direct expenditures of Scotiabank Centre)	
Transition to New Corporate Structure – Develop operational transition plan and strategic framework, and support the development of an effective governance structure for the Halifax Convention Centre Corporation.	Increased operational efficiency		Successful implementation of the Event Management System	Service excellence vision and strategic workforce plan Identify and implement business process and technology improvements
	Successful transition to the Halifax Convention Centre Corporation		Completion of governance transition plan and multi-year operating agreement for Scotiabank Centre	Development of multi-year Scotiabank Centre agreement with Halifax Convention Centre Corporation in partnership with HRM

Crown Corporation
Business Plans
for the fiscal year 2015–2016

Waterfront Development Corporation
Business Plan 2015–2016

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Message from the Minister

The waterfronts of Nova Scotia are unique economic assets. Our goal is to align their development with our strategies for growing key sectors of our economy.

Waterfront Development Corporation does this by providing its private sector partners with a platform for investment and growth, which is consistent with our goal to have the private sector lead the economic resurgence of our province. In return, the commercial agreements the corporation enters into with the private sector provide the revenue we need to hold up our end of the deal – improving and maintaining the infrastructure our key economic sectors need to succeed.

The outcomes of this work will be growth in our marine and ocean sector, increased private sector investment, and an increase in tourism revenues in Nova Scotia.

Private sector leadership, sector development, and financial self-sustainability are the hallmarks of this waterfront development model. It is the way Nova Scotians want their Crown corporations to work, and it is the way we can collectively harness the strengths of our geography to achieve prosperity across our whole economy.

Our government is committed to a new approach to economic development in this province. We need to modernize our strategies to compete in the global economy. Crown corporations like Waterfront Development Corporation are catalysts for this new approach. Together we can set a new course for economic growth that will generate benefits for all Nova Scotians.

The Honourable Michel P. Samson
Minister of Economic and Rural Development and Tourism

Message from the Chair and the President

Waterfronts are special places all across the world. They have been key features throughout the history of civilization, they are places of great beauty, and they are sources of economic strength.

The Halifax and Lunenburg waterfronts fit this mould perfectly. Nova Scotians and visitors alike recognize them as special places – symbols of Nova Scotia past and present. Waterfront Development Corporation is working to make them cornerstones for our future success.

First, they are places of inspiration. Entrepreneurs develop, test, and succeed with unique business offerings on our redeveloped properties. Artists use the wharves and boardwalks as stages to challenge conventional thinking and delight visitors from around the world.

Second, they are places for private sector investment. Through the added value that Waterfront Development Corporation creates through planning, we make it easier for business to act on the development opportunities we put out to the market. The private sector has a clearer line of sight for its business investment, and Waterfront Development generates revenue to reinvest in supporting infrastructure.

Finally, they are places of action. Nothing stands still along the waterfronts. They are abuzz with small, medium, and large projects that push the boundaries of business, culture, and public life. Waterfronts are the places where people experiment and strive for new ways of doing things.

Our waterfronts are sources of inspiration, private investment, and action. Our work is dedicated to building on past successes and aligning ourselves with new provincial strategies to create even greater prosperity for all Nova Scotians.

Dale Godsoe
Chair of the Board

Colin MacLean
President and CEO

Mission

Waterfront Development Corporation Limited harnesses the waterfront's potential by developing ideas, infrastructure, and experiences that stimulate business investment and community pride.

Vision

Through our collaborative approach, we will create a new collection of animated and well-connected waterfront destinations that capture people's imagination and distinguish us among the world's greatest waterfronts.

Mandate

Waterfront Development Corporation Limited exists for the purpose of redeveloping and revitalizing the lands surrounding Halifax Harbour and any other lands designated by its shareholder, the Province of Nova Scotia.

Guiding Values

Waterfront Development Corporation Limited (WDCL) is a provincial Crown corporation, carrying out a public mandate in a private sector environment. In fulfilling our public obligations, we will exhibit the following values in addition to the compassion, courage, and initiative that characterize past successes.

Commitment: Forge and sustain partnerships that generate positive economic and societal returns.

Accountability: Uphold the public's trust by ensuring access to the water's edge, fiscal accountability and involvement in the dialogue about waterfront development, and transparency with our plans.

Flexibility: Take the extra step to understand and champion business partners who share our values and vision for the waterfront.

Excellence: Be a strong and knowledgeable voice on economic development, planning and design, partnership models, and waterfront development.

Foresight: Generate for Nova Scotians a positive financial return to reinvest in a continuous upward spiral of waterfront opportunities.

Sustainability: Create the capacity for future waterfront uses and enjoyment by harmonizing our economic goals with environmental sustainability.

Planning Context

The Ivany Report highlighted underlying challenges in the Nova Scotia economy, and it also expressed its belief that we have the ability to change our path. The coming year has opportunities that we can capitalize on to improve our future. The Nova Scotia economy is expected to have higher growth in 2015 than the past several years, as major capital projects (e.g., Arctic Offshore Patrol Vessel construction, the Nova Centre, Macdonald Bridge deck replacement) and external demand are expected to support higher levels of Nova Scotia economic growth. Strengthening growth in the United States, our major market, combined with a lower Canadian dollar vis-à-vis the American dollar is positive. The dropping price of oil

provides some relief to both consumers and businesses. However, there are consequences from the slide in the price of oil; exchange rate depreciation will increase the costs of imports, and oil producing regions of Canada will suffer negative impacts.

On a global basis, the uncertainty that has marked the world economy since the Great Recession will continue. The strength in the American economy is counterbalanced by weakness in the European and Japanese economies. The emerging-market economies will be affected differently according to whether they are an oil exporters or importers. Current expectations are that growth in the world GDP will be higher in 2015 than in 2014.

There are, nevertheless, clear themes that Waterfront Development needs to plan for and seek opportunity in.

1. Halifax's economy needs to be leveraged for the benefit of business and communities around Nova Scotia.
2. Nova Scotia's coastline, maritime industry, and research capacity should be sources of innovation and growth.
3. Environmental sustainability can create economic opportunity.

Waterfront Development can provide leadership by focusing our strategies in three areas.

Ocean and Marine

> The ocean is suddenly a frontier of development and growth. Ambitious government initiatives including the EU's recently announced Action Plan for the Atlantic, and China's extensive plans for the marine economy suggest that new opportunities abound. Biotechnology, renewable energy, seabed mining and aquaculture sufficient to feed the world are all imminent possibilities. We are, as one advisor to the Chinese government rhapsodizes, entering "a golden age for the marine economy."
>
> **Plenary panel, World Ocean Summit 2014, *The ocean as the new economic frontier?***

Some of Nova Scotia's greatest accomplishments have come from work in sectors that are all part of the ocean economy:

- Aquaculture and fishing
- Boat and shipbuilding
- Cables and connectors
- Defense and security
- Marine recreation
- Ocean energy and minerals
- Ocean science and observation
- Ports and marine transportation
- Robotics and submarines
- Weather and climate science

Few places in the world can match the strategic advantages Nova Scotia has in the ocean economy. By developing waterfront infrastructure that harnesses these advantages, we can achieve the goals articulated in the Ivany Report of increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships.

City and Community Building

> Innovation districts are geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators,

> and accelerators. Compact, transit-accessible, and technically-wired, innovation districts foster open collaboration, grow talent, and offer mixed-use housing, office, and retail.
>
> **Bruce Katz and Julie Wagner,**
> ***The Rise of Innovation Districts***

We believe that *lifestyle* is a key element of a strong economic strategy. Well-designed cities or towns are attractive, safe, inclusive, and invigorating. They are places that attract people to live, create diversity, and spur entrepreneurial activity. They become magnets for growth, population-wise and economically.

Halifax and Lunenburg are two places recognized internationally as attractive and vibrant places, and both are fundamentally built around their world-class waterfronts. Our developments have the ability to position Halifax and Lunenburg on an international stage.

We can also create the opportunity to set new standards for environmental sustainability. Our approach to design can reduce the impact we have on our environment and coastlines, and it can facilitate the introduction and experimentation of Nova Scotian businesses with new products and processes.

In developing our waterfronts in this way, we can contribute to the attraction of the leading-edge institutions and companies that the Ivany Report identified as requirements for increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships. The building of a great city will also contribute to achieving the goal of attracting higher levels of interprovincial and international immigration.

Tourism

> Harborside Halifax is the biggest city in the Maritime provinces by far, yet it doesn't *feel* big at all – in just the way that Boston and San Francisco don't feel like huge cities. It actually feels like a collection of loosely connected neighborhoods, which is in fact what it is; you often forget this is one of the central economic engines of eastern Canada.
>
> Lunenburg is just plain lovable, compressing everything you came to see in Nova Scotia into one tidy package: ocean tides, fishing boats, terrain, architecture, museums, and fish. It's one of Nova Scotia's most historic *and* most appealing villages, a fact recognized in 1995 when UNESCO declared the old downtown a World Heritage Site.
>
> **Frommer's**

Tourism is a $2 billion industry in Nova Scotia, accounting for 2 per cent of all economic activity in Nova Scotia, supporting more than 24,000 jobs and providing almost $800 million in annual income for Nova Scotians living in every region of the province. It generates $173 million a year in tax revenues. It is also a key source of pride, helping to support our families and local economies, and to build communities throughout the province.

As Nova Scotia's leading source of service sector exports, gross business revenues must reach $4 billion (oneNS report). Tourism growth is real economic growth because it brings new dollars into the provincial economy; it is export trade. Nova Scotians supply the products and services to customers who come primarily from outside the province. (Nova Scotia Tourism Agency Strategy)

Waterfront Development plans, develops, and operates strategic waterfront properties in Nova Scotia to maximize economic activity, develop our communities, and create a platform for private sector businesses to be successful. As it relates to tourism, our work is in the area of product development – we create high-quality destinations and experiences that the Nova Scotia Tourism Agency promotes. Our seacoast is the single greatest influencer of the tourism decision to visit Nova Scotia (Visitor Exit Survey, 2010).

The Halifax and Lunenburg waterfronts, which are managed by WDCL, are top tourism destinations in Nova Scotia (Visitor Exit Survey, 2010). Likewise, Tall Ships events are historically positioned as our province's signature event, a high-quality tourism offering that provides a platform to showcase Nova Scotia culture: our culinary scene, our history, and our world-class entertainment for our residents and our visitors.

Strategic Goals

Stimulating Private Sector Investment

We will leverage the strategic assets of our waterfronts to stimulate private sector investment and economic growth. This is accomplished by developing waterfront infrastructure that is marketed for commercial opportunities in the sectors we have identified as growth areas for Nova Scotia's economy:

- Marine and Ocean
- City and Community Building
- Tourism

Infrastructure and Sector Growth

We will contribute to economic growth by investing in infrastructure that contributes value to these three sectors and enables the development of clusters that build upon Nova Scotia's traditional strengths.

Financial Self-sustainability

We will sustain this economic growth by creating a financially self-sustaining organization that is able to generate profits that are continuously re-invested in maintaining and developing new infrastructure.

Strategic Outcomes

Our strategic goals will, over the period of 10 years, contribute to the achievement of the following outcomes:

1. Nova Scotia businesses in the marine and ocean sector will have improved waterfront access and infrastructure.
2. Nova Scotia companies will have invested over $500 million in waterfront capital development projects.
3. Nova Scotians and tourists will be accessing the Halifax and Lunenburg waterfronts in greater numbers.
4. Waterfront Development will be a financially self-sustaining organization, with all its revenue generated from its commercial activity.

Core Business Areas

We have four core business areas:

1. Waterfront Planning

Waterfront Development engages with public and private sector organizations, as well as with the public at large, in planning projects that contribute to the development of world-class waterfronts.

2. Infrastructure Development

Waterfront Development's multi-year development projects attract investment and maintain the centrepieces of our waterfront.

3. Commercial Marine Real Estate Management

Waterfront Development owns and manages a waterfront real estate portfolio with properties in Dartmouth, Bedford, Lunenburg, and Halifax. These properties are consistently among the most visited places in Nova Scotia, by land and by sea, and are a touchstone for the Nova Scotia experience for residents and visitors alike.

4. Business Development

Waterfront Development makes our land and marine assets a platform for private sector investment, enabling businesses, large and small, to bring their products and services to the world.

Human Resource Strategy

Waterfront Development is a knowledge-based organization, with specialization in commercial real estate, urban planning, construction, engineering, landscape design, business accounting, and public consultation.

It is vital that we invest in the learning and growth of our people so that we can continuously improve the work we do on behalf of the public.

Our human resource priorities:

1. Recruitment of new talent
2. Managing growth

Marketing Strategy

The waterfronts of Halifax and Lunenburg are the two most visited destinations in Nova Scotia. With new development projects coming to market, substantial public space enhancements planned and already completed, and a broad collection of activities and events to enjoy, the number of residents living and working and enjoying activities across all of our waterfronts will continue to increase.

All of this leads to business opportunities, and the need to engage our stakeholders and publicly communicate the goals and timelines of our work.

Our marketing plan promotes and communicates our work:

1. Enhance engagement of waterfront stakeholders for more efficient investment and better results.
2. High-quality events and programming across our waterfronts align with our objective of accessible, high-quality entertainment and activities representing the best of Nova Scotia.
3. Complete the digital strategy, including new website.

Budget Context

Financial Management

In fiscal 2014–2015, the corporation achieved its breakeven budget while advancing its development plans and continuing its many valuable partnerships with tenants and other stakeholders. These partnerships add vitality and animation to the waterfronts of Halifax Harbour and Lunenburg, which ultimately create long-term economic benefit. The development of our Cunard block is one such partnership and represents an important pillar in our path to financial self-sustainability. This development continues to move closer to commencement. Consistent with prior years, the budget accounts for the expected timing of further planning activities around our key development blocks as we work to realize a long-term vision for the various waterfront properties in our portfolio. During the year, the corporation identified other economically strategic opportunities and is presently working toward their realization and planning for integration into our core operating areas going forward.

The corporation again has a breakeven budget for fiscal 2015–2016, before amortization of assets that were previously funded by capital grants from the province. Notable in the budget is a significant increase in parking revenue, which is reflective of both another strong tourist season and good uptake on year-round usage of the Halifax Boardwalk. The corporation will be investing in new parking technology and focusing on maximizing returns for subsequent reinvestment into our public infrastructure. Parking revenue is one measure of waterfront activity in general, and a testament to the allure of clean, green, and safe waterfronts.

The budget contains the category "other items," which includes amortization of grant-funded assets and write-off of the book value of parking improvements due to anticipated construction commencement.

Budget Context

	Budget 2014–15 ($)	Forecast 2014–15 ($)	Budget 2015–16 ($)
Revenues			
Rents	1,483,000	1,440,000	1,509,000
Parking	2,000,000	2,150,000	2,476,000
Other income	468,400	466,000	477,600
Grant income	276,000	341,000	–
Total revenue	**4,227,400**	**4,397,000**	**4,462,600**
Operating expenses			
Insurance	110,000	104,000	96,800
Repairs & maintenance	335,800	353,700	327,600
Security	166,500	174,700	166,500
Utilities	163,400	179,900	176,900
Various other	374,100	433,700	342,800
Total operating expenses	**1,149,800**	**1,246,000**	**1,110,600**
Income from property	**3,077,600**	**3,151,000**	**3,352,000**
Program expenses			
Coast Guard	–	70,000	–
Development & property	165,000	135,500	280,000
Total program expenses	**165,000**	**205,500**	**280,000**
Tall Ships grant	–	–	–
Tall Ships expenses	–	55,700	–
Total Tall Ships	**–**	**(55,700)**	**–**
Lunenburg revenue	197,000	202,000	207,000
Lunenburg grant	374,200	374,200	374,200
Lunenburg expenses	571,200	576,200	581,200
Total Lunenburg	**–**	**–**	**–**

Budget Context

	Budget 2014–15 ($)	Forecast 2014–15 ($)	Budget 2015–16 ($)
Administrative expenses			
Amortization	826,800	771,000	840,000
Interest on long-term debt	30,000	10,700	30,000
Office, marketing & other	542,400	561,600	583,000
Salaries & contracts	1,302,400	1,337,200	1,405,000
Staff expenses & benefits	211,000	209,300	214,000
Total administrative expenses	**2,912,600**	**2,889,800**	**3,072,000**
Surplus before other items	**–**	**–**	**–**
Other items			
Capital grant amortization	(98,500)	(98,500)	(98,500)
Insurance proceeds	–	194,200	–
Building demo & site remediation	–	(194,200)	–
Cunard lot write-off	(130,000)	–	(130,000)
Capital grant (Coast Guard)	–	6,500,000	–
Capital grant (Cunard)	150,000	80,000	500,000
Capital grant (Queen's Marque)	4,250,000	–	300,000
Annual surplus (deficit)	**4,171,500**	**6,481,500**	**571,500**

Outcomes and Performance Measures

Core Business Area 1 *Waterfront Planning and Development*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Design property and develop plans that produce economic value and public benefit for Nova Scotia	Number of projects in planning phase	11	9
	Number of projects moved into development phase	2	6
Redevelop waterfront properties from unimproved land to new buildings and infrastructure	Total dollar value of projects in development phase	$75,060,000	To be determined by negotiated development agreements resulting from planning phase
	Total square footage residential + unit count in development phase	237,000 sq. ft. (343 units)	To be determined by negotiated development agreements resulting from planning phase
	Square footage commercial in development phase	42,485 sq. ft.	To be determined by negotiated development agreements resulting from planning phase

Core Business Area 2 *Infrastructure Development*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Build and maintain infrastructure that provides visitors and citizens with public gathering spaces and amenities	Number of public open space projects in planning phase	4	3
	Number of improved public open spaces	1	2
	Number of new public open spaces	0	1
	Total number of pedestrians annually on waterfront	Halifax – 2 million Bedford* – 0 Dartmouth* – 0 Lunenburg* – 0	2.1 million
	Total number of events and public programming initiatives	40	42

*A base measure to be established with the installation of pedestrian counters in 2015–16

Core Business Area 3 *Business Development*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Provice businesses with commercial opportunities on waterfront properties	Total revenue from business operating on waterfront property	$4.18 million	$4.462 million

Core Business Area 4 *Commercial Marine Real Estate*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Halifax and Lunenburg waterfront property operations are financially self-sufficient	Percentage of operating revenue generated from commercial activities	84%	74%

Core Business Area 5 *Economic Impact*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Enhanced economic activity for Nova Scotia	Value of incremental economic activity	To be established working with Department of Finance	To be established working with Department of Finance